Daily Report

Latin America

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FBIS-LAT-92-002 *3 January 1992*

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Andean Pact Economy Ministers on Joint Tariffs

PA0101043092

[Editorial Report] Santa Fe de Bogota Emisoras Caracol Network in Spanish at 1200 GMT on 27 December carries a 25-minute report on interviews with the Andean Pact countries foreign trade ministers. The report states that the Andean Pact ministers are meeting in Bogota in an attempt to agree on a joint external tariff on trade among the region's nations. The report states that no agreement has been reached on which Andean region products and services will be included in the four levels of joint external tariffs that were recently agreed on by the region's presidents in Cartagena.

The report carries an interview with Venezuelan Foreign Trade Minister Miguel Rodriguez in which he explains that the ministers in Bogota are trying to determine in which of the four levels the products and services belong, adding that considerable progress has been made on this issue. Rodriguez says: "The most difficult point of these negotiations is that among the five nations there are discrepancies in their tariffs; Colombia and Venezuela have a national structured tariff system while the other nations have one standard tariff for all products. We are trying to make those different tariffs compatible, to come up with one joint external tariff for the five nations."

The report continues with an interview with Peruvian Economy and Finance Minister Carlos Bolona, explaining Peru's position and why, in his opinion, an agreement was not reached. Bolona claims in the report that a proposal had been presented for a joint external tariff based on four levels of 5, 10, 15, and 20 percent, as well as the degree of process, agreed on by the five presidents at the Cartagena meeting. In the report Bolona states that Bolivia and Peru believed that the proposal presented should be signed as drawn up by the technical staff to avoid pressure from the different sectors to change the tariffs. Bolona states: "After intense debates, Peru and Bolivia approved the proposal and we were ready to sign. Unfortunately, Colombia, Venezuela, and Ecuador did not agree. We missed the opportunity to comply with the Barahona Declaration."

Bolona says there was a lack of political will on the part of the other nations, so the agreement was not signed. Bolona claims that Peru was willing to leave aside its proposal and was willing to accept, together with Bolivia, the proposal presented by the Cartagena technical group. Unfortunately, says Bolona, the other three nations did not agree. He says: "I have my doubts that their attitude is going to change or that we will have the joint external tariff by 1 January 1992." The minister concludes, saying that if each nation starts reviewing the tariff line by line, trying to accommodate one sector or the other, you then end up haggling like in a Persian market. The report states that Minister Bologna is definitely not optimistic.

The report carries an interview with Bolivian Foreign Trade Minister Carlos Sanier, who was questioned on Colombian, Venezuelan, and Ecuadoran objections to signing the agreement. Sanier replies that each nation has its apprehensions but that each must be willing to make sacrifices, and basically this has been the problem. Sanier says he is optimistic that although an agreement was not reached now, very soon, when positions are more flexible, there will be an agreement. The minister said that although Bolivia agrees with Peru's position, which appears to be the most correct, he considers that there is room for some flexibility. In his opinion, Ecuador's position is a setback regarding the agreements signed in Cartagena. He notes that, regarding Colombia's positions, with a little political will, an agreement can be reached. Sanier says he does not consider the meeting a failure, because on 1 January the free trade zone comes in force. What is lacking, he claims, is the joint external tariff. "This is a heavy blow to the Andean Group's credibility," Sanier notes. Sanier also notes that Ecuador has been the most negative participant in the negotiations.

The report says an initial agreement that was under discussion fell through on 27 December. According to Bolona, this was due to objections presented under pressure from the private sector in each country. Rodriguez notes: "Venezuela has said that it has the greatest of interests and will to fulfill the Cartagena commitments. What we cannot do, however, is expect the joined external tariff to come from a computer printout, allowing no adjustments." Rodriguez adds that several countries insist the proposal cannot be touched, which has impaired the agreement process.

Rodriguez says that Venezuela has proposed that the five countries agree on the tariff percentages to be applied to each of the more than 6,000 items included in the agreement. "The agreements cannot come automatically," he stresses, "but we cannot blame any country for any specific problem" that may have cropped up during the negotiations.

The station concludes its report by saying: "As you see, there is no assurance that there will be a joint external tariff by 1 January 1992."

More Ministers' Comments

PA2812044291 Santa Fe de Bogota Inravision Television Cadena 2 in Spanish 0000 GMT 28 Dec 91

[Passages within quotation marks are recorded]

[Text] The Andean Pact, an organization created more than 20 years ago to improve trade between Colombia and its neighbors, entered one of its most difficult times today. The ministers of the five member nations assembled in Santa Fe de Bogota were not able to arrive at an agreement to comply with the instructions issued by their presidents at the Cartagena meeting: To establish a

free trade zone in the region. Currently, only Venezuela and Colombia have signed; leaving out of the agreement Peru, Ecuador, and Bolivia.

The dream of Andean integration seems to be fading once again. Colombia and Venezuela agreed on opening a free trade zone starting 1 January, however, Peru and Ecuador did not join in. [sentence as heard] We have statements by the ministers.

[Peruvian Industry Minister Victor Joy Way] "That was a unilateral decision and in this integration process, the five members must agree. What has happened is a matter of concern. If unilateral decisions are going to be made, then we should not come to the meetings, nor should there be an Andean process."

The countries did not reach an agreement to establish one fixed tax on imports from nations other than the Andean Pact member nations. But can this be considered a failure?

[Colombian Trade Minister Juan Manuel Santos] "I do not think that we can talk about a definite brake. This is a process, and both Venezuela and Colombia have decided to go ahead and they trust that the other nations will be able to comply with the presidential orders as soon as possible."

[Joy Way] "This certainly introduces a serious setback to the credibility of the Andean process. The Andean process does not only mean well devised mechanisms, it also means credibility. If the presidents decide that something must be complied with on a fixed date, this must be done."

Peru, as well as Ecuador, have internal economic situations that currently do not allow them to leave their industries unprotected. They must resolve those difficulties within the next six months to join the pact in June 1992.

[Miguel Rodriguez, minister president of the Venezuelan Foreign Trade Institute] "In the European Community, the adoption of the common import tariff took eight years and was implemented gradually. We, very ambitiously, thought that we could resolve this in 15 days."

The only certain thing with today's decision is that the integration of Colombia and Venezuela is irreversible and this union, in the future, could strengthen the union with Mexico in the Group of Three.

Haiti

Tanker Arrives, Unloads Oil, Gas Despite Embargo

PA0201044792 Paris AFP in Spanish 0134 GMT 2 Jan 92

[Text] Port-au-Prince, 1 Jan (AFP)—An oil tanker, of unspecified origin, arrived on the afternoon of 1 January at the oil terminal in Port-au-Prince, located southeast of the capital, AFP confirmed.

The fuel—gas oil, according to maritime sources—arrived in a tanker with the inscriptions "Karicou" and "Nassau." The lack of fuel, rationed throughout Haiti—a country subject to a severe inter-American embargo—has become critical in recent days.

Automobile owners joined long lines to obtain limited amounts of gasoline and certain neighborhoods in the capital only get, in turn, a daily ration of between three and four hours of electricity, which is supplied by diesel facilities.

The last gasoline and gas oil shipment arrived aboard a Liberian flag ship on 28 November. According to reliable sources, the shipment was purchased on the "spot" market in Rotterdam (the Netherlands), but that was never officially confirmed.

The Liberian ship's cargo was inspected by the U.S. Navy outside the territorial water limit in compliance with a U.S. law concerning the embargo, which was approved 8 October by the OAS. The decision was made in an effort to attain the return of President Jean-Bertrand Aristide, who was ousted by a military coup d'etat on 30 September.

Within the framework of the embargo, Venezuela and Mexico have excluded Haiti from the San Jose Agreement for preferential oil sales. Likewise, the United States has prevented the departure of at least one tanker whose cargo was destined for Port-au-Prince. According to Juan Jacques Honorat, prime minister of the "provisional" government, the tanker was anchored at the port of Corpus Christi, Texas.

'Unofficial' Report on Partial Embargo Lifting

FL3112194991 Port-au-Prince Radio Nationale in Creole 1400 GMT 31 Dec 91

[Excerpt] According to an unofficial report from a Haitian senator, the embargo has allegedly been lifted as far as small firms are concerned.

Senator Serge Joseph said the decision has allegedly been made (?because) some of the countries that signed the embargo declaration against Haiti have managed to strip Haiti of its factories and to have them settled in their own territories. [passage omitted]

Delegation Visits Venezuela, Urges End of Embargo

FL3112202191 Port-au-Prince Radio Nationale in Creole 1400 GMT 31 Dec 91

[Interview with Senator Thomas Eddy Dupiton, by Radio Nationale correspondent Jean-Marie Ferari; in Port-au-Prince, date not given—recorded]

[Text] Senator Thomas Eddy Dupiton made a trip to Venezuela over the past few days in order to meet with Venezuelan President Carlos Andres Perez and the Venezuelan parliament so as to see how they could contribute to the lifting of the embargo against Haiti and to inform the Venezuelan people about what is going on in Haiti now. Let us listen to Senator Thomas Eddy Dupiton with our colleague Jean-Marie Ferari.

[Begin recording] [Dupiton] The purpose of our trip was to give information on what has occurred in the country since 29 October [date as heard] until the date [words indistinct]. We met with several political parties, many high-level church officials, and with the president of the Republic of Venezuela, Mr. Perez. That was the purpose of the trip, that is, to inform the Venezuelan public of the Haitian political reality due to the Haitian specific political sociology.

[Ferari] Did you meet with the Venezuelan parliament as well?

[Dupiton] Yes, I did. You know it was the Christmas season. So, it was very difficult to meet with the entire parliament. We met with several deputies and senators and with the president of the Venezuelan Senate. We had a meeting in which we had a good exchange of views. They told us about their position on the Haitian crisis and we told them the entire truth of what has happened in Haiti. I believe it was something very positive. We closed the trip with a meeting with Venezuelan President Carlos Andres Perez.

[Ferari] You have now come back to Haiti after meeting with the Venezuelan president. What did he promise you for Haiti?

[Dupiton] Well, [words indistinct] What was more important for us is to give information about the damages that the embargo has caused to the Haitian people and we asked all of them, including the Senate president, the various heads of political parties, and the archbishops, to talk to Perez—at Christmas, which is a time of peace, reconciliation, love, and forgiveness in Haiti—to approach Perez in order to get a suspension of the embargo. That was our firm position. They told us they would intervene, that they would also ask Perez.... [changes thought] They also suggested that we ask Perez for that during our conversation with him. We did talk to Perez about that. He said he has no power over the decision. The question to raise then is the following: If he does not have power over the decision, who does? He said it is the 34 countries that should come to such a decision. Anyway, we let him know that we believed he

was very influential and that the 34 countries could perhaps have a favorable opinion if the request came from him. [end recording]

Rene Theodore Advocates Coalition Government

FL3112195991 Nationale in Creole 1400 GMT 31 Dec 91

[Text] According to Rene Theodore, the solution to the current political crisis cannot be any thing other than unity and consensus.

In a statement to an AGENCE FRANCE PRESSE correspondent in Haiti, the president of the National Reconstruction Movement said this solution should end in a national coalition government that can use all available means to rescue the nation.

Students End Canadian Consulate Occupation

FL3112200491 Port-au-Prince Radio Nationale in French 1830 GMT 31 Dec 91

[Excerpt] The 17 youths from the United Militants Front who had occupied the premises of the Canadian Consulate in Port-au-Prince have finally left the building.

They were taken by the Haitian Armed Forces. These youths were rushed to the hospital where they are receiving the care their cases require. Let us recall that all these youths are in a state of complete dehydration. [passage omitted]

Jamaica

Prime Minister Manley Names New Cabinet

FL0201123592 Bridgetown CANA in English 1219 GMT 2 Jan 92

[By Paget Defreitas]

[Text] Kingston, Jamaica, Jan 2, CANA—Jamaica Prime Minister Michael Manley named a new 15-member Cabinet on Wednesday night minus his finance minister and former deputy, P.J. Patterson, who fell victim to the tax waiver controversy that has plagued the government for the past forthnight. However, the prime minister made it clear that Patterson himself had asked to be excluded from the government.

"... He wrote to me yesterday requesting that his name not be considered for a position in the new Cabinet," Manley said in a radio and television broadcast.

Manley did not name a deputy in the new team which has three fewer members than the last Cabinet which resigned on Sunday. Patterson's job as finance minister was given to Hugh Small, the former minister of industry and commerce. Small had held the finance portfolio for a few months in 1980 during the previous Manley administration.

Ironically, Small, who originally held the mining and energy portfolio, is considered as Patterson's chief rival for the leadership of the People's National Party (PNP) when Manley retires. Small was also seen as a key figure demanding action over the waiver of tariffs to the Shell Oil Company on the import of unleaded gasolene.

The first Cabinet victim of the controversy was Horace Clarke who resigned as mining and energy minister. Critics had called for Patterson's resignation for signing the waiver. Clarke's former ministry has been split in two. Mining has gone to the former education minister, Carlyle Dunkley, who also has production and commerce. The energy section has been linked to Bobby Pickersgill's portfolios of public utilities and transport.

Carl Rattray retained the post of attorney-general but the justice portfolio he previously was joined with K.D knight's job as minister of national security. Missing from the new Cabinet are Manley's brother, Douglas, and PNP stalwart, Ralph Brown. They lost their youth and community development and local government portfolios, respectively, to Desmond Leaky, a former junior minister in the office of the prime minister.

A key new face in the Cabinet will be that of John Junor, a former minister of state in the Finance and Planning Ministry, who has now taken over the important tourism portfolio. The other Cabinet newcomers are Burchell Whiteman, who has moved up a notch to take over the Education Ministry and Dr. Peter Phillips, the ruling party's general secretary and a former minister of state who has been made a minister without portfolio. Junor's job in the Tourism Ministry might be made a bit easier with the support of its former head, Frank Pringle, who has been appointed ambassador at large with special responsibility for tourism and investment promotion.

Another ambassadorial appointment was that of Lucille Mair, formerly a minister of state in the Foreign Ministry, who becomes Jamaica's permanent representive to the United Nations—a position in which she served during the previous Manley government.

Manley said the overall size of the government had also been reduced with the number of ministers, ministers of state, and parliamentary secretaries cut from 39 after the 1989 elections to 28.

In the new Cabinet, the prime minister said he will continue to carry out general functions, supervision, and coordination but was assuming responsibility for the government's privatisation programme. He has brought the Urban Development Corporation under his own office because "it is critical to the investment and development process."

The tax waiver controversy apart, the government has lost popularity over its aggressive policy of economic liberalisation and deregulation that has seen state firms privatised, the Jamaica dollar allowed to float freely and decline sharply, subsidies eliminated, and prices soar.

Manley has promised a broadcast for January 5 to deal with economic issues, but he signalled there will be no major shift in policy.

"The path we are on is irreversible. It is up to all of us to make sure that it provides new opportunities, new hope, new levels of well-being for all our people," he said.

Full Cabinet Listed

FL0201194892 Bridgetown CANA in English 1825 GMT 2 Jan 92

[Text] Kingston, Jamaica, Jan 2, CANA—Following is the full Jamaica Cabinet announced on Wednesday night.

Michael Manley—prime minister and minister of defence

Hugh Small—minister of finance and planning

Seymour Mullings—minister of agriculture

Senator Carlyle Dunkley—minister of production, mining, and

commerce

Robert Pickersgill—minister of public utilities, transport,

and energy

Senator David Coore—minister of foreign afairs and foreign

trade

Burchell Whiteman—minister of education and culture

Easton Douglas—minister of health

Portia Simpson—minister of labour, welfare, and sport

O.D. Ramtalie—minister of construction

Senator Paul Robertson– minister of the publice service

Desmond Leaky—minister of local government, youth, and

community development

K.D. Knight—minister of national security and justice

Senator Peter Phillips—minister without portfolio, office of

the prime minister

John Junor—minister of tourism and the environment

Government Considers Recognition of CIS

FL3112163893 Bridgetown CANA in English 1524 GMT 31 Dec 91

[Text] Kingston, Jamaica, Dec 31, CANA—Jamaica has recalled its ambassador to the former Soviet Union, Arthur Thompson, and is considering recognition of 11 independent states that were part of the Union of Soviet Socialist Republics (USSR). Russia, Armenia, Azerbaijan, Belarus, Kyrgyztan, Kazakhstan, Moldova, Ukraine, Uzbekistan, Tajikistan, and Turkmenia, all former republics of the Soviet Union have agreed to dissolve the union while becoming part of a Commonwealth of Independent States [CIS].

The official news agency JAMPRESS reports that the ambassador of the former Soviet Union, Vladimir Romanchenko, called on Foreign Minister David Coore recently and advised that the Russian Federation would take over the offices of the former Soviet Embassy in the island. The ambassador formally requested that Jamaica recognise Russia and the 10 other independent states of the new Commonwealth, JAMPRESS said. Coore assured the envoy that the issue of recognition would have been discussed at the next meeting of the Cabinet, scheduled for last Monday. [sentence as received]

The former Soviet Union is an important market for Jamaican bauxite/alumina. Since 1984 Jamaica has sold bauxite worth 150 million dollars (one J dollar = about 5 U.S. cents) to the USSR and up to November this year Jamaican based companies exported 174,000 tonnes of alumina worth 35 million U.S. dollars to the former super power. The director of the Jamaica Bauxite Institute (JBI), Dr. Carlton Davis recently expressed pessimism about the future of existing trade arrangements because of the turmoil and "disorientation" in the former Soviet Union.

Costa Rica

Niehaus Commends Cristiani for Attaining Peace

PA0301034692 San Jose Radio Reloj in Spanish 1730 GMT 2 Jan 92

[Report by William Cespedes from the Foreign Ministry]

[Text] The following are remarks made by Foreign Minister Bernd Niehaus on the agreement between the Farabundo Marti National Liberation Front guerrillas and the Salvadoran Government led by President Alfredo Cristiani.

[Begin Niehaus recording] We want to commend President Cristiani and his administration for this great accomplishment. There are many steps yet to be taken. It cannot be thought that everything has been accomplished through the important show of willingness to end the armed conflict.

The armed conflict will end on 1 February. There are a number of additional steps that should be taken. They have been established in the corresponding agenda.

What has been accomplished is very important. All parties involved in the conflict are willing to end the armed conflict and to guide their actions through dialogue and joint action, which will permit them to find adequate responses to the problems of El Salvador, and that is very positive.

The great effort undertaken by the UN secretary general must be recognized. A few days before his tenure as UN secretary general expired, Perez de Cuellar was able to finish his career with positive results, which we now welcome.

We hope that the 1992 calendar will be complied with entirely and that this year will represent the consolidation of peace in El Salvador. We also hope that this year will bring peace to Guatemala, where President Serrano's efforts are aimed at finding adequate responses to the existing confrontation. President Serrano is working to end the painful war, just as in the case of El Salvador. Once the problems are solved, all Central Americans will be able to work toward achieving development and solving economic and social problems. [end recording]

Meanwhile, Acting President Arnoldo Lopez Echandi will issue a communique this afternoon on the agreement between the Salvadoran Government and the guerrillas.

It has also been reported that President Rafael Angel Calderon Fournier, who is currently in Miami, will be returning to the country by noon on 5 January.

El Salvador

'Summary' of Agreements Reached in New York

PA0301030792 San Salvador Radio Cadena YSU in Spanish 1800 GMT 2 Jan 92

["Summary" of agreements signed by the Salvadoran Government and the Farabundo Marti National Liberation Front, FMLN, at the United Nations in New York; read by reporter Ricardo Gomez—live]

[Text] Farabundo Marti National Liberation Front [FMLN] Achievements in the Talks:

Human Rights:

1. Create the post of human rights attorney general.

2. Empower the Legislative Assembly to dismiss the directors of the National Civilian Police [PNC] and the state intelligence organization for serious human rights violations.

3. Establish a UN human rights mission to verify full respect of human rights, especially the following commitments by the government:

a. Respect the life, integrity, safety, and liberty of the entire civilian population.

b. Adopt the necessary measures to stop the death squads from committing further human rights violations.

c. Eradicate forceful disappearances.

d. End arrests for political reasons.

e. End arrests by agents who are not properly identified and who do not carry written orders from the proper authorities.

f. Stop the practice of denying detainees assistance from an attorney during questioning.

g. Eradicate the practice of torture or any cruel, inhumane, or degrading act.

h. Honor writs of habeas corpus and petitions for amparos by punishing those who block their implementation or effectiveness.

i. Guarantee that political, labor, economic, social, cultural, sports, and religious organizations, and other groups, are able to exist, develop, acquire legal status, and implement their own activities.

j. Prevent retaliations against workers who join unions.

k. Guarantee freedom of speech and press and the free exercise of journalism.

l. Provide the displaced, repatriated, and residents of conflict areas with personal identification cards.

m. Guarantee these residents the development of their economic activities and the exercise of their political and social rights.

4. Create the truth commission to determine those responsible for the most serious human rights violations since 1980 to eradicate the impunity that has characterized the actions of government forces.

That was in the area of human rights. As for constitutional reforms, the agreements are as follows:

Limit the constitutional mandate of the Armed Forces. Separate the Armed Forces from the security corps. Clearly define the subordination of the Armed Forces to civilian power. Restrict the use of the Armed Forces in the maintenance of public order and increase Legislative Assembly control over this presidential power.

Restrict the jurisdiction of military tribunals strictly and exclusively to military crimes and infractions. The PNC must be under the control of civilian authorities. Reorganize the judicial system and give it a larger budget to improve its operation. Replace the Central Electoral Council with the Supreme Electoral Tribunal and implement a number of reforms to both systems. Empower all legally registered parties to supervise the electoral registration process. Create a special commission to reform the electoral system.

Regarding the Armed Forces, the agreements are as follows:

Give the Armed Forces a new doctrine based on subordination to civilian power. Ensure full respect of human rights and respect and defense of the Salvadoran people's sovereignty. Reform the admission process, study programs, leadership, and teaching staff of the military academy. Establish a process to purge the entire Armed Forces and a process to reduce its size. Dissolve the National Guard, Treasury Police, and Customs Police. Replace the National Police with a new PNC, which will be the only nationwide police force. Dissolve the National Intelligence Directorate and create a new state intelligence organization under the direct authority of the president, who will be supervised by the Legislative Assembly.

Dissolve the Immediate Deployment Infantry Battalions. Ensure that the president appoints as defense minister a person committed to the fulfillment of the agreements; this person may be a civilian. Dissolve all paramilitary corps or groups. Dissolve the civilian defense group and the territorial service known as cantonal patrols. Create a new reserves regime for the Armed Forces. Regulate private security services. Suspend forceful recruitment and establish new principles for the new military service legislation. Establish Legislative Assembly control mechanisms over the Armed Forces. Establish the post of inspector general of the Armed Forces and an honor tribunal.

Create legal mechanisms to punish the illegal enrichment of military commanders and high-ranking public servants. Cancel permits to bear weapons exclusively used by the Armed Forces and collect the weapons owned under such permits. Adjust Armed Forces legislation to the constitutional reform and new doctrine.

As for the PNC, the agreements are as follows:

Remember that we are reading a preliminary summary of the agreements reached at the negotiating table:

Create the PNC by giving it a new doctrine based on the principle of public security conceived as a service offered by the state to the citizens, while fully respecting human rights. Define its basic law and legal framework and establish a profile of its members, educational level, and general admission requirements. Create a National Public Security Academy. Establish how the new PNC will be organized and its members distributed throughout the country and who will be responsible for maintaining public order in the interim.

FMLN participation in the consultative commission assisting the PNC director in all aspects of its organization and operation. Guarantee the participation of former FMLN combatants in all PNC levels. Seek the support of international experts in the organization of the PNC and the National Public Security Academy.

As for the socioeconomic aspects, the summary reads as follows:

Commit the government to apply agrarian reform. Create an agrarian law to eliminate contradictions in the current agrarian legislation. Improve the credit system for the agricultural sector. Legislate land ownership in areas controlled by the FMLN and establish special credit lines for landowners. Create effective mechanisms to protect consumers. Promote the access of workers to the facilities of privatized companies. Grant legal and institutional facilities to private sources of direct foreign cooperation to benefit the communities and social and nongovernment organizations.

Establish an economic and social forum involving the equal participation of government, labor, and business sectors. The forum, among other issues, will discuss measures to ease the social costs of structural adjustment programs and review labor laws. Influence the drafting of the national reconstruction plan and introduce in that plan programs for former FMLN combatants in the following areas: scholarships to study in the country and abroad, jobs, pensions for special cases, facilities to establish businesses, and rural and urban housing.

Finally, as for the FMLN's political role:

Offer guarantees to former FMLN combatants to exercise their civilian and political rights. Free all political prisoners. Ensure the return of exiles, disabled, and other people who left the country because of the conflict. Legalize FMLN radio stations and other media. Legalize

the FMLN as a political party with full rights to participate in politics. Create the National Commission for the Consolidation of Peace, Copaz, as a control mechanism that will involve the participation of the government, FMLN, and all political parties represented at the assembly in the process of changes stemming from the implementation of the agreements. Secure the international verification of the implementation of all agreements by the United Nations.

That was the preliminary summary regarding the full content of the agreements signed on 31 December 1991.

Army Says Clashes Continue After Accord Reached

PA0201224992 Panama City ACAN in Spanish 2034 GMT 2 Jan 92

[Text] San Salvador, 2 Jan (ACAN-EFE)—The Salvadoran Army has reported that on 1 January guerrillas harassed military positions in Chalatenango Department, located in the northern part of the country. One soldier was reportedly killed in the attack, which took place after the signing of the peace agreements, the report added.

The Armed Forces Press Committee (Coprefa) reported that the soldiers belong to Military Detachment No. 1. The report continued that the soldiers were attacked as they guarded the village of El Gramal in San Antonio Los Ranchos, located in the mountains of the northern Department of Chalatenango.

Meanwhile, Radio Venceremos, radio station of the Farabundo Marti National Liberation Front (FMLN), reported that five soldiers were killed in the clashes in El Gramal.

On the evening of 31 December, the government and the FMLN signed in New York agreements to end the 12-year-old war which, according to human rights groups, has left more than 75,000 dead.

The agreements include a definitive cease-fire effective on 1 February, which will be supervised by the United Nations. In the meantime, both parties pledged to observe an informal cease-fire that will have to be respected by both forces.

According to the official bulletin, the harassment by FMLN guerrillas began at 1520 (2120 GMT) and it lasted for 20 minutes.

In addition, it was reported that "some insurgents of the FMLN were injured after being repelled by military units."

Coprefa also reported that nine rifles and more than 4,000 cartridges of different calibers were seized from the rebel forces in an arms cache located in San Carlos village, Jiquilisco Jurisdiction, Usulutan Department.

Cristiani on Army Reduction, Rebel Quotas

PA0301041692 San Salvador Canal Doce Television in Spanish 0302 GMT 3 Jan 92

[Report by Antonio Mineros in San Salvador; passages within quotation marks are recorded]

[Text] On 2 January, President Alfredo Cristiani stated during an exclusive interview with the government's television station that the New York Agreements do not include a quota of power for the FMLN [Farabundo Marti National Liberation Front]. The president said that the FMLN's incorporation into civilian life will be done according to the law. He added that the rebels must be disarmed before 31 October 1992.

[Cristiani] "The agreement does not include quotas. The agreement does not automatically grant posts to anyone."

The signing of the New York document, which marks the end of the armed conflict in the country, has no quota of power for the FMLN. President Cristiani admitted that the most critical topics in the negotiations were the creation of the National Civil Police [PNC], the allotment of land to former guerrilla and Army members, and the cease-fire, which demands the FMLN's demobilization and a 50 percent reduction of the Armed Forces.

Referring to this topic, Cristiani said that there is no symmetry because the FMLN has nine months to achieve its disarmament, while the Armed Forces reduction will be carried out in two years. The president said that the first phase begins on 1 February with the separation of forces. The FMLN forces will be gathered in predetermined areas for their demobilization.

[Cristiani] "The second phase involves the dismantling of the FMLN's military structure, meaning the delivery of weapons and everything that represents military equipment, as the agreement states. The third phase and last phase, involves the FMLN's return to the country's civilian, constitutional, and political life. This involves the modification of a military structure to a civilian or political organization."

Referring to this issue, Cristiani said there can be no symmetry.

[Cristiani] "If the FMLN intends to participate in politics in the future, it would be ill-advised to continue the armed struggle in the near future so it may prepare for the next elections. It would be detrimental for them to remain in the same situation because they would not be able to prepare for the 1994 elections—if they want to participate in them."

Cristiani said that no quotas had been set aside for the FMLN in the PNC, and this was clearly stated to the FMLN General Command in the agreement recently signed in New York.

[Cristiani] "Referring to this, former fighters who wish to exercise their rights as citizens and opt for a public security post will be able to do so—provided that they meet the admission requirements and pass the public security tests like any other citizen. The agreement does not specify a quota. The agreement does not automatically grant posts to anyone."

Talking about land, he said that a mechanism was established so that former guerrilla fighters who have farming inclinations may purchase land plots. The same option is open to any farmer in our country, the president asserted.

[Cristiani] "Our government has launched a program through the land bank, which acts as a financial liaison between land owners who wish to sell their land and peasants or small farmers who wish to purchase a land plot. In sum, the FMLN has accepted these mechanisms for their return to normal life; but this also applies to anyone else who wishes to purchase a plot for agricultural purposes."

During the explanation of the New York Agreements, President Cristiani repeatedly emphasized that there are no quotas for the FMLN.

FMLN Announces Transformation Into Party

PA0201201992 San Salvador Radio Cadena YSU in Spanish 1800 GMT 2 Jan 92

[Report by Carlos Mario Marquez]

[Text] In the morning of 2 January, approximately 100 FMLN [Farabundo Marti National Liberation Front] guerrillas entered unarmed the civic plaza in front of the cathedral to announce their transformation into a political party.

Dressed in civilian clothes and holding a placard that read FMLN, Chalatenango, the group of men and women announced that they have become a political party. Here is a statement by Ricardo Maldonado, one of the FMLN members who made the announcement:

[Begin recording] [Maldonado] The FMLN party has emerged due to the basic need for a better restructuring of the political, economic, and social system. We emerged many years ago, we have made efforts in the international field, we have international support, and we are already a strong party. That is what I can tell you at this time. In Chalatenango we have a political and social structure. We are preparing the economic model for Chalatenango Department to move forward, so that our people can satisfy their basic needs, so that the family basket in our country can be regulated by government institutions, and so that we can have national and international representation.

[Marquez] Regarding the FMLN's total incorporation into the political life as a political party, is the party you are representing now the basis for the FMLN's total reincorporation as a political party?

[Maldonado] That is correct. We are completely sure that with the signing of the agreements in New York and Mexico we will join political life. This is a specific demonstration that we are willing to lay down our weapons and democratize society by completely demilitarizing it. That is our main idea.

[Marquez] Is this your first appearance in a public plaza?

[Maldonado] The first time in El Salvador, but I have represented the FMLN in countries such as Canada, Australia, some European countries, and the United States. For the first time today, we come here as the FMLN. We have the political and human desire to come out and end the war. [end recording]

We have just heard Ricardo Maldonado, who holding a placard that read FMLN, Chalatenango, headed a group of approximately 100 FMLN guerrillas who on the morning of 2 January entered the plaza in front of the Metropolical Cathedral in San Salvador, where a meeting was held celebrating the arrival of peace after the signing of the agreements on 31 December between the government of President Alfredo Cristiani and the FMLN.

Nicaragua

Daniel Ortega Reviews Salvadoran Peace Agreement

PA0301013392 Managua Radio Ya in Spanish 1200 GMT 2 Jan 92

[Statement by Daniel Ortega, secretary general of the Sandinist National Liberation Front, FSLN; in Managua on 1 January—recorded]

[Text] We must continue to work and support the peace process in El Salvador. In other words, we cannot take it for granted that everything has ended, that everything has been settled. The Farabundo Marti National Liberation Front General Command is clearly aware of that; we are clearly aware of it; and I think that, above all, Central Americans should be clearly aware of it. We are duty bound to support the peace process. In other words, we should not lose interest in, or divert our attention from, the situation in El Salvador simply because the agreements have been reached. Quite the contrary, we are not duty bound to pay more attention to, and have more interest in, the Salvadoran situation. Given the close ties—both geographic and political—between the Salvadoran and Nicaraguan people, they share the same hopes for liberty, justice, democracy, and peace. Given the Nicaraguan people's support for the Salvadoran people, we can rightfully say that the Sandinists feel those achievements as our own, meaning that we fully share them with the Salvadoran revolutionaries and the Salvadoran people.

We want to utilize this important moment in Central America's political life to urge the United States to cooperate so the winds of peace may extend to the Caribbean zone. In other words, the United States must cease the illegal war against Cuba in the economic and commercial sector. It should stop all kinds of pressure on Cuba; it should suspend the blockade; and it will thus support a peace process in Central America and the Caribbean. That would logically strengthen the Latin American region as a whole.

* Commentary Views Humberto Ortega's Dilemma

92CA0058A Managua LA PRENSA in Spanish 3 Dec 91 p 4

[Article by Emilio Alvarez Montalvan]

[Text] The recent proclamation by the head of the Army promising to maintain our recently declining law and order at all costs has given rise to cautious optimism. Whatever the case, his corrective proposals come 16 months after last year's disturbances, which went unpunished, and two weeks after his brother Daniel incited the latest episode of violence about which Mr. Humberto wisely remained silent.

Two full weeks have in fact gone by since the incidents of looting and arson instigated by the Sandinist mobs, and police have not yet instituted proceedings through the Office of Attorney General.

In addition, the measures announced by the Armed Forces High Commission have a number of implications. If they signified effective control of violence, for example, they would contribute to social stability, but would at the same time produce a break with brother Daniel, who continues to act as an uncontrollable agitator. The other alternative is that the older brother has once again assumed leadership of the official line of the family and party and will be the one to establish guidelines from now on.

It is a fact that the situation confronting the general posed a dilemma that could not go on. Up to that point, his tactic had been cautious, remote, and uncommitted in order to avoid hurting anyone and thus build an army accepted by everyone. Nevertheless, the minister of government's lack of authority and the general inoperability of the police forced him to take a stand. The Executive Branch's silence on the afternoon of 9 November seriously weakened the image of authority and was the straw that broke the camel's back. The unresolved issue of property was enough in and of itself. A government with any self-respect at all cannot hesitate in situations that shake society.

Nevertheless, the alternative he faced was a difficult one under the circumstances. If he were to send the "black berets" into the streets to support the police and put down the rebels, he would run the risk of thrashing his old comrades and having them label him a traitor. Moreover, if he remained impassive when confronted with individuals who refuse to recognize law enforcement officers or are excused by them, he would be accused of tolerating disorder. In such a situation, his continued presence in the government as head of the Army would be excessive and raise the political cost of keeping him there.

Actually, there is increasing pressure on the Executive Branch to take a stand. In its most recent Pastoral Letter, the Episcopal Conference condemned the absence of "an arm to enforce" the law. Someone from the government had to come to the forefront and assume direct responsibility that could be credible. But what force or real decisiveness do the announced promises of the head of the Army have?

Whatever the case and no matter what the outcome, the country cannot continue to drift. Without order, there can be no security for investments and without investments, there will be no production.

* Government Corruption, Poverty Compared

92CA0058B Managua BARRICADA in Spanish 4 Dec 91 p 3

[Commentary by Adrian Meza Soza]

[Text] By the day, the directors of the communications media announce new cases of corruption whose frequency alarms the entire nation. Independently of the government's efforts to correct abuses or avoid the surrounding publicity, it has in fact not been able to contain them and the government is being undermined by irregularities large, medium, and small by officials who view the public administration as a kind of windfall from which they must extract the maximum benefit possible.

It would be exaggerated to say that institutionalized corruption exists and unfair to deny that a representative part of the government leadership is trying to check the ambition of a number of officials who could never have imagined that they would ever hold public responsibilities.

And yet, the old saying that "it is facts that count rather than good intentions" make the government's efforts pale in the face of the reality of newspaper headlines that daily trumpet new scandals.

The juicy profits from such dealings are in contrast with the poverty endured by large sectors of the population which for the sake of social stability and the nation's interest are asked to bear unemployment and job uncertainty caused by the logic of the adjustment plan without falling prey to despair or resorting to violence.

It is absurd that workers in the textile industry or the slaughterhouses (to give but two examples) should be asked to bear unemployment as a necessary cost for the future of the country, while some public officials are getting rich off the government. This acts as an irritation

to those who do not see any attitude on the part of government officials that is consistent with the sacrifice they are asking of the people.

If anyone thing has annoyed workers and lower-income groups over the past decade, it has been the notorious contrast that has at times existed between the lifestyle of *certain government officials and leaders and the harsh* living conditions of a people struggling to sustain their resistance to the war of aggression of which we have been the victims.

All the more rightly, the people become irritated when public officials openly and blatantly treat the government's patrimony as if they were large landowners or unscrupulous private businessmen. It matters little whether they are many or only a few. The nation's morale and government's credibility suffer irreparable blows with every abuse that is uncovered.

It is as if irremediably, those who cried out against the state-party were leading us, whether by their acts or omissions, to the state-business in the midst of indignaton growing by the day.

Leaving aside any ideological discussion of the class nature of a government, the truth is that the vast majority of the people expect government to be administered with honesty and that the motto of the "revolution in honesty" will be more than a mere rhetorical device.

The government must reorganize and impose a framework of strictness and austerity on its structures endowing it with the moral solvency it needs before it can ask the rest of society for the sacrifices required by the future it promises in return. The moral example set by the exercise of government fits into the nation's daily agenda as an unwaivering requirement of the real voter: the people.

Today's officials have time to prevent the moral collapse of the government they head. They must remember that this noble people may pardon the mistakes of a program, but will never pardon corruption and theft.

Panama

Legislative Assembly Approves Budget, Tax Reforms

PA0201212692 Panama City EL PANAMA AMERICA in Spanish 31 Dec 91 p1A

[Article by Carlos Vargas]

[Text] In its penultimate regular session held on 30 December, the Legislative Assembly approved in third debate the 1991 Tax Reform and the 1992 national budget, which amounts to 2.76 billion balboas.

The third and last debate of the draft reforms lasted 45 minutes. The draft was approved by 45 votes in favor, six against, and one abstention.

Mario Rognoni and Abelardo Antonio, legislators from the Democratic Revolutionary Party [PRD], voted in favor of the tax reforms.

The tax reforms include increasing from 5 to 10 percent the tax paid on the import and sale of alcoholic beverages and cigarettes. It is estimated that retail prices of alcoholic beverages and cigarettes will be increased by no more than three centesimos.

The tax reforms include a 5 percent tax on paid cable or microwave television services. It also establishes a new 5 percent tax on the transportation of valuables or armored vehicles and on the rental of bank safety boxes.

According to the Finance and Treasury Ministry, these taxes were established with the purpose of balancing or neutralizing the tax reforms that grant benefits to other taxpayers in the low-income bracket.

According to the tax reform bill, nearly 220,000 Panamanians will receive these benefits, as they will be exempted from paying income tax. The new fiscal measure covers those persons earning 250 balboas per month and who do not have dependents and those earning 350 balboas per month and have three dependents.

Likewise, the reforms increase the deductions for a spouse from 600 to 800 balboas, and for each dependent from 150 to 250 balboas.

The draft also established that taxpayers will now be able to deduct payments on mortage interests, educational loans, educational tax as well as medical insurance and expenses.

In addition, the compensation paid to workers as a result of dismissal or termination of contract will not be subject to taxes for the first 5,000 balboas that are received.

The tax reform established special treatment, similar to the one for citizens and for mini- and small enterprises.

The draft also has a temporary article declaring a moratorium from 31 January 1992 to 30 April 1992 in order to cancel during that period all national taxes such as the contributions to the Social Security Fund owed up to 30 December 1989, without any surcharges or fines.

The tax reforms of 1991 also establish the new concept of "Accumulated Losses." According to this measure, in addition to sharing the profits of the taxpayer, the state will also share his losses, but this will only apply to those industries protected by the industrial regime. This measure specifies that those taxpayer losses in a fiscal period will be deduced in the following five fiscal periods at a rate of 20 percent per year.

The tax reforms establish a reward for reporting any violations of fiscal regulations. The Finance and Treasury Ministry expects to increase fiscal revenue in this manner.

The tax reforms also grant more power to Finance and Treasury Ministry officials in checking over taxpayer payments. Likewise, it makes it compulsory for by all businesses having commercial licenses to issue sales slips.

Immediately after the tax reforms were approved, the Legislative Assembly approved in third debate the general national budget for 1992, which amounts of 2.76 billion balboas. The PRD minority objected to the approval of the 1992 budget.

The 1992 budget allots 256.3 million balboas for the health sector, 278 million balboas for the education sector, and 13.2 million balboas for the housing sector.

The government investments budget amounts to 426.4 million balboas, of which 205 million balboas are for the central government and 221 balboas are for the decentralized entities.

The general state budget for 1991 expires on 31 December, and the new budget approved by the Assembly will be implemented as of 1 January 1992.

In the 1992 budget, the central government has destined the amount of 337 million balboas for payment of the public debt, of which 153.6 million balboas will go to pay the foreign debt and 184.1 million for payment of the internal debt.

The executive branch initially presented the 1992 budget of 2.739 billion balboas to the National Assembly, but the legislative branch made several adjustments that increased the budget by 23.9 million balboas.

The budget adjustments include funds for covering the agricultural workers, transferring the Nutrition Foundation, a 25-balboa increase for the members of the Judicial Technical Police, and increases amounting to 875,000 for the judiciary branch.

Planning Minister Announces Privatization Program

PA0201193892 Panama City EL PANAMA AMERICA in Spanish 31 Dec 91 p1A

[Text] Guillermo Ford, minister of planning and economic policy, announced on 30 December that the implementation of the privatization program of state enterprises will begin as of January 1992 within the framework of the modernization of the Panamanian economy.

The state privatization pogram will begin with a call for bids on the collection of garbage and some port services.

The Privatization Commission is negotiating the sale of the Chiriqui Citrus Company and other state enterprises, such as the National Telecommunications Institute and the Institute for Hydraulic Resources and Electrification.

The first state enterprise to be privatized was the national airlines, Air Panama, that was sold to a Panamanian-U.S. group for over $10 million.

Arias Calderon Assesses Government Achievements

PA0301014892 Panama City EL PANAMA AMERICA in Spanish 30 Dec 91 p 1A

[Article by Juan M. Diaz]

[Text] First Vice President Ricardo Arias Calderon stated that the national government made several achievements during the past two years, however, the people still have a great deal of frustration.

Arias Calderon said that the current government's main accomplishment has been the implementation of constitutional democratic institutions and the promotion of a favorable climate for freedom of the press "although there have been some unpleasant episodes," in that field.

He said that along with those achievements, the Panamanian people have become greatly frustrated. He added that one of the matters that has brought about discontentment has been the lack of quick and effective justice.

Arias Calderon said that the frustration is also due to the return to the old practice of influence peddling and corruption by members of the current government, which was severely criticized during the military dictatorship.

He stressed that Panama has to work toward the consolidation of a modern democracy and the strengthening of the Panamanian national state in the Latin American and international fields.

Finally, he pointed out that the lack of an economic development program that promotes social justice is perhaps the one factor contributing the most to the frustration that is so clearly noticeable within the Panamanian community. He added that rectification measures are urgently needed.

Argentina

President Menem Comments on Prospects for 1992

PY0201221592 Buenos Aires Radio Nacional Network in Spanish 1500 GMT 2 Dec 92

[By Silvina Martinez Porta from Government House]

[Excerpts] President Carlos Menem left a cabinet meeting around noon today and came to the press room—just as he promised when he returned from La Rioja Province. Menem greeted the press for the new year and evaluated the prospects for 1992. One of the questions posed by a reporter referred to the institutional situation in Corrientes Province. Menem said that intervention in that province has not been totally ruled out. [passage omitted]

Regarding the priorities for 1992, Menem mentioned the state reform process, structural changes, and the economic deregulation process. He recalled that insurance activities are deregulated as of today. Menem stressed that the country is better off this year because the 1992 budget has already been approved and promulgated and there is no possibility of changing the economic path or increasing spending. Menem said that we have to encourage a new budget mentality in the administration.

The president also said that Maria Julia Alsogaray has three months to privatize Somisa [Argentina Iron and Steel Joint Association]. He added, however, that the deadline could be extended. Regarding the remarks by [former Somisa trustee] Jorge Triaca, who said that if he had the chance to purchase the offices that caused his downfall he would do it again, Menem said that the remark shows that Triaca is confident he did nothing illegal. Menem added that he would prefer to await the court decision before commenting any further.

Economy Minister Sees 'Stability' in 1992

PY3112172691 Buenos Aires CLARIN in Spanish 29 Dec 91 Economic Supplement p 2

["Exclusive" interview with Economy Minister Domingo Cavallo by Liliana Franco in Cordoba; date not given]

[Excerpts] [passage omitted] [Franco] What do we need to consolidate our stability?

[Cavallo] All government officials, legislators, and political leaders have to become used to the idea that the people want a certain, sustainable future; furthermore, the people know that this is only possible through responsibility and work. People no longer support quick solutions, demagoguery, or irresponsibility. We must consolidate the leadership's responsibility and prudence when handling public resources and spending.

[Franco] What do we need to consolidate stability?

[Cavallo] Everything that needed to be defined by the political leadership on goals, direction, and quality of implementation was defined. I think we did all that was needed. What else can I say as economy minister? (laughs)

[Franco] Do we have negotiations on the debt still pending?

[Cavallo] Everything is under control. The economic reforms we implemented in the country in the past two and a half years are impressive. The bulk of the reforms have been launched and are being implemented well. I only worry about the economic program when I read about speeches in Congress or public declarations like those made by Mayor Melchor Posse, who uses double standards. He is an efficient administrator in San Isidro; otherwise, we would not have won reelection, but he also uses arguments from the past. He wants to make people believe that officials like President Menem and myself enjoy the fact that pensioners cannot have their traditional cake or drink during the holidays. The danger is that leaders like him might want to make the transition from word to action.

[Franco] Back to the debt. Do you think that we will obtain the extended facility credit in March?

[Cavallo] Yes. I think we will get it.

[Franco] Will that credit guarantee our joining the Brady Plan?

[Cavallo] We have already joined the Brady Plan. The Brady Plan is a structure for negotiating the debt that will make us eligible for the plan's benefits; that is, it will help us to restructure the debt. Many people ask: Can we join the Brady Plan? The situation is that if we have not negotiated a Brady Plan structure with creditor banks, it is because we did not want to, because we chose to make sure that we would have the resources first. That has now changed because we have established a deadline: the last week in January. It is important not only to negotiate but to get good results in a short period of time. We are working along those lines.

[Franco] What are our chances in those negotiations?

[Cavallo] Sometime during the second semester of 1992 we will be able to say that the debt problem has been overcome.

[Franco] What is your estimate on investments during 1992?

[Cavallo] Investments will be higher than during 1991, but I am not going to give you any figures because investments are difficult to measure. Besides, I do not believe in statistics.

[Franco] What about our exports?

[Cavallo] Exports will be higher than during this year, but it will take time before we have a large increase

because our internal demand is expanding and our productive structure is still oriented to the domestic market. There will, therefore, be little left to export.

[Franco] What is your tax collection estimate for 1992?

[Cavallo] It will be around 3 billion pesos monthly.

[Franco] And the surplus?

[Cavallo] The primary surplus will be around $200 million per month.

[Franco] Regarding the standard invoicing system, will it become effective on 1 January or will we have a period of transition before full implementation?

[Cavallo] We have already issued regulations resolving the practical problems that were raised. The new invoicing system will become effective on 1 January. We will strictly supervise tax collections, customs, and social security contributions.

[Franco] How much money do you expect to obtain through privatizations?

[Cavallo] We expect to obtain the needed amount of $2.5 billion in cash during the year. We will also raise additional revenues by selling shares.

[Franco] What inflation rate can we expect during 1992?

[Cavallo] I expect it will be less than 7 percent. We should try for 5 percent, but as a forecast, and in order to avoid risks and mistakes, we should speak of about 7 percent.

[Franco] Do you really think we can accomplish that goal?

[Cavallo] The inflation rate is not influenced by some prices during some months of the year. The inflation rate will be low next year because we will strictly control public spending, not only at the national level, but also at the provincial and municipal levels. [passage omitted]

New Currency, Invoice System Take Effect 1 Jan

PY0201221892 Buenos Aires BUENOS AIRES HERALD in English 2 Jan 92 p 5

[Excerpts] (DYN-NA)—The new year opens with a new currency in circulation - the peso - as well as with the implementation of a new invoicing system for registering commercial transactions. The government is hoping that the creation of the new currency will mark the beginning of sustained economic growth and price stability, while the implementation of a simpler, more effective invoicing system is deemed as crucial in reducing rampant tax evasion.

The peso legally went into existence yesterday, New Year's Day, although the circulation of the new notes and coins will in effect beginning today. Pensioners and state workers will be the first to be paid in the New Year, Economy Minister Domingo Cavallo deferred the payment of pensioners' and state workers' end-of-the-year bonuses, which can be collected as from January 3.

The new currency consists of notes of one, two, five, 10, 20, 50 and 100 pesos, and coins of five, 10, 25 and 50 cents. The peso has four less zeros than the austral and a one-to-one parity with the US dollar. The austral bills currently in circulation will be withdrawn gradually, and will coexist with the peso for approximately six months. [passage omitted]

This is the fifth time that Argentina has replaced its currency. The peso's predecessor, the austral, was born on June 14, 1985 under President Raul Alfonsin's administration. The austral had a lifespan of six years, six months and 17 days. The government is hoping that the launching of the peso will begin an era of long-term stability. The cost of living has risen by a mind-boggling 1.6 billion percent since January 1, 1970.

The birth of the peso is accompanied today by the implementation of a new, unified invoicing scheme for registering commercial transactions. The system calls for the re-numbering of all invoices (beginning from zero) and for the registry in triplicate of all transactions subject to IVA value-added tax. Under the new invoicing regulations, the buyer of a good or service will be given the original invoice by the shopkeeper. The storeowner will file the duplicate and keep a triplicate for the DGI [General Directorate of Taxation] tax bureau.

Government officials have expressed optimism that the new, simpler invoicing system will produce an extra 4,000 million dollars in government revenue, or three percent of Argentina's Gross Domestic Product. Tax consultant Marcelo Lascano said before the New Year that the implementation of the triple-invoice scheme was recommended to Uruguay by the International Monetary Fund in 1989. [passage omitted]

Observers have interpreted the implementation of the new unified invoicing system as a frontal attack on the underground economy. Some observers have estimated that government revenue could rise by as much as 30 to 40 percent.

The sudden implementation of the invoicing system has been criticized by representatives of Argentina's retailing sector, who have demanded a 90-day deferral of the regimen to update forms, cash registers and computer software and hardware. Retailers have expressed concern that they will be threatened with shop closures if they fail to produce new invoices. Overdemand for new forms has resulted in excess work and delays at print shops, the retailers claim. [passage omitted]

First Cobalt Shipment Sent to European Market

PY3112232691 Buenos Aires LA PRENSA in Spanish 31 Dec 91 First Section p 1

[Text] The National Commission for Atomic Energy (CNEA) today will send an initial cobalt shipment to the European market, consisting of 180,000 curies in sealed sources for industrial use.

According to the CNEA, it is a "very important" export shipment because the cobalt sources processed in Argentina "allow the entry into a highly competitive market," such as the European one.

This initial delivery, bound for the SIDCO [expansion unkown) Company in France, will represent $155,000 in income and will be completed in 1992 with the shipment of another 460,000 curies.

The cobalt sources, which were analyzed by French experts in due time and which satisfied all the requested requirements, are virtually indestructible, thus ensuring that their radioactive contents will not be dispersed through punctures, shock, or temperature changes.

The CNEA has sold this type of product to Chile, the United States, and Mexico, and has supplied the domestic market with 51,000 curies of cobalt for medical use.

Government To Buy Back Part of Airline

PY0201222092 Buenos Aires BUENOS AIRES HERALD in English 31 Dec 91 p 5

[Text] (NA)—The Argentine government decided to buy back a part of Aerolineas Argentinas yesterday by writing-off 10.5 million dollars of an Iberia-led consortium debt to the treasury totalling 43 million dollars. The consortium, which contracted the debt when Aerolineas was transferred to its hands last year, has pledged to cancel the outstanding debt in three half-yearly payments. The first payment will be made effective in June. Additionally, the consortium will present an investment plan for 1991-92 in January.

Anniversary of Falklands 'Occupation' Marked

PY0201225792 Buenos Aires TELAM in Spanish 2230 GMT 2 Jan 92

[Text] Buenos Aires, 2 Jan (TELAM)—Marking the 159th anniversary of the British "illegal occupation" of the archipelago, the Argentine Government has reaffirmed 'its sovereignty rights over the Malvinas, South Georgia, and South Sandwich Islands, and the surrounding maritime zone."

In an official communique released by the Foreign Ministry, the government expresses its confidence "that a just and lasting solution to this old territorial dispute will be found through negotiations."

It states that "the Argentine Republic reiterates its willingness to safeguard the interests of the Malvinas' residents."

No Arrest Warrant Issued for Amira Yoma

PY3112230091 Buenos Aires LA PRENSA in Spanish 31 Dec 91 First Section p 5

[Text] Reliable sources have reported that the Federal Police thus far have not received from Interpol any warrant to arrest Amira Yoma. The sources also said they were unaware of the existence of an arrest warrant issued by Spanish Judge Baltasar Garzon.

Garzon is the judge in Spain who is hearing the case involving the former presidential audiences secretary for laundering dollars from drug trafficking activities, a case in which her former husband, Ibrahim Al Ibrahim, and Mario Caserta, two former Argentine Government officials, also have been prosecuted.

Citing government sources, a newspaper from Rio Cuarto was the first one to report on the Spanish judge's decision to request Amira Yoma's arrest.

For their part, official sources have stressed that the arrest warrant issued by the Spanish judge "is a simple legal recourse" and noted that "Mrs. Yoma will neither be imprisoned nor extradited."

The official sources supported their claim by noting the fact that the former audiences secretary and President Carlos Menem's sister-in-law "is also being prosecuted for the same reason by the Argentine courts, which are finally in charge of trying her."

* Provincial Funding Decided in Intensive Meeting

92SM0169A Buenos Aires CLARIN in Spanish 27 Nov 91 pp 18-19

[Text] After a day of intensive negotiations between national officials and the governors-elect and outgoing governors of the provinces to resolve the burning issue of transferring educational and health services as of 1 January 1992, it was decided to reject an alternative proposal for changing the percentages of federal revenue sharing.

The officials decided to adhere to the original proposal for absorbing and financing the transfer of educational services (involving secondary schools, for the most part) and health services from the central government to the federal states.

The big loser in this battle was the province of Buenos Aires. Its governor, Antonio Cafiero, along with the president of the Bank of the Province, Eduardo Amadeo, left last night's meeting at the Government House before it was over, without making any statements.

Hours earlier, officials had discussed the possibility of increasing the federal revenues to be received by Buenos Aires Province by three points, from 22 to 25 percent.

The amount of the increase would be taken from the other provinces on a prorated basis. The reasoning behind the proposal was that Buenos Aires has the most schools and hospitals and has the largest population (mainly in the greater metropolitan area [conurbano]) whose basic needs are unmet. Chubut was also to receive a small increase. This solution, included in the respective bill, was opposed by Minister Cavallo, despite the fact that the section containing the change in percentages came from the National Office of Fiscal Coordination with the Provinces, which is within his purview.

Cavallo is confident that he will be able to increase the overall revenue sharing with the provinces by $2 billion. The governors agreed yesterday that of that amount, $1.2 billion will be set aside and guaranteed for the transferred services, while the remaining $800 million will be distributed in accordance with the current revenue sharing percentages.

Trigger

The entire plan is full of guarantees: The "trigger clause" constitutes a solemn and legal pledge by the national government that if these revenue sharing totals are not reached, it will make up the difference with treasury funds. The agreement has to go through Congress (beginning with the Senate), since it is part of the educational services transfer law, with guaranteed financing.

Radical Senator Juan Trilla termed Cavallo's promise of $2 billion "impulsive," and said that the trigger clause strikes him as "realistic."

In addition to Cavallo, also present at the meeting were Interior Minister Jose Luis Manzano and a group of governors and senators who are chairmen of their blocs. Cordoba Radical leader Eduardo Angeloz, however, left before the meeting began, as he disagreed with an earlier meeting held that morning among Cavallo, Manzano, and Peronist governors (see box). In addition, Radical Senators Storani, Malharro, and Brasesco also left early, on the pretext that they had been denied admittance by security personnel.

Proposal

The first proposal from a group of governors was that the central government would keep all those services under its umbrella, and the provinces would give up the $1.2 billion. But Cavallo rejected it out of hand. At the meeting, the finance minister warned the provincial governors that they should keep their spending under control, or else "inflation will take hold once again in Argentina." But that will not happen, because the central government will not allow excess spending.

The statements made by the leaders as they left the meeting were very different, as if they had not been attending the same meeting. The most optimistic was the governor of Tucuman, Ramon "Palito" Ortega, who emphasized what a major accomplishment it was to reach a consensus on a formula for the national government and the provinces to settle their differences. The increase in the revenue sharing is very significant, $2 billion, and between $1.2 billion and $1.3 billion will be earmarked for educational services, but "if that total is not reached, the Economy Ministry will absorb these expenses once again," he declared.

The governor-elect of Santa Fe, Carlos "Lole" Reutemann, was more cautious in his assessment. The former racecar driver expressed concern because his province is inheriting 250 schools and 6,000 teachers, whose salaries are "a lot higher" than what provincial teachers earn because they have been federal employees, said Reutemann. He believes that the Senate will not be inclined to take that step, that is, to pass the law. He also noted that taking over the schools at this point in the year, as 1992 draws near, represents a "great difficulty," since he had planned to spend that money on social services for the most deprived sectors of his province.

Governor Adolfo Rodriguez Saa of San Luis stated that he agrees with this solution in principle, but his main concern at this time is with another matter: speeding up the total privatization of the Bank of the Province, which "has been bogged down for three months," and getting the national government to pay his district the $70 million it owes. He asked for Cavallo's support in this regard.

[Box, p 19]

Angeloz Slams the Door

They had already clashed in a war of requests, but yesterday's confrontation between Cordoba Governor Eduardo Cesar Angeloz and Economy Minister Domingo Cavallo during the meeting at the Government House took on a new shrillness. Before the meeting began, Angeloz announced his intention of leaving because "I do not like to participate in second halves," alluding to the meeting that had taken place that morning among Peronist governors, Cavallo, and Manzano.

When Angeloz got up, Cavallo said to him from the other end of the table, "You are playing politics." The Radical politician did not answer him; he merely turned his back and left. Later on, Peronist Governor Adolfo Rodriguez Saa of San Luis supported the attitude of his colleague Angeloz, saying that "it is a respectable position" and that he had been the same way when the president was the Radical Raul Alfonsin.

[Box, pp 18-19]

Radicals on the Warpath

The angry episode that took place when the government decided to bar four Radical senators from the meeting of governors at the Interior Ministry is now jeopardizing Senate passage of the government's bill to transfer educational services to the provinces in today's session.

Edgardo Grosso, who heads the Radical Civic Union (UCR) in the absence of Adolfo Gass, Conrado Storani, Luis Brasesco, and Margarita Malharro de Torres, vice chairwoman of the Senate Education Committee, were all prevented by the Ceremonial Guard from entering the Government House through the terrace entrance. According to Senator Malharro, the excuse was that they were not on the guest list.

The legislators's explanations fell on deaf ears, so they decided to withdraw, but first they publicly expressed their indignation and displeasure. "This is an outrage!" exclaimed Gross, while Storani said that this was a "demonstration of Cavallo's authoritarian behavior."

Senator Malharro said, "It would appear that there are first-class senators and second-class senators, as well as first- and second-class governors," judging by the discrimination at the meetings held that morning, when only members of the ruling party were allowed.

Two UCR legislators, Juan Trilla and Edison Otero, who had arrived at the Interior Ministry previously, were able to participate in the meeting with no problems, however. They were apparently unaware of the difficulties experienced by their colleagues.

Shortly after the episode, Senator Malharro received a phone call from the head of the Justicialist bloc, Alberto Rodriguez Saa, who expressed sympathy with her protest. He recalled that it was the Radical bloc that had suggested yesterday's meeting.

The meeting had been scheduled to be held in the Senate with all parties present, and the change of venue is now regarded with undisguised suspicion by the disgruntled Radicals.

Late yesterday the members of that opposition bloc agreed not to participate in today's meeting of the bloc chairmen to set the agenda for the parliamentary session, as a protest against these events. Several members of the opposition stated that if any attempt is made to bring the educational services transfer bill before the Senate, they will boycott the session.

Senator Luis Leon, in his capacity as vice president of the UCR National Committee (in the absence of its president, Mario Losada), expressed complete solidarity with the bloc. He noted "that they were affronted by being excluded from the debate of a problem that is extremely important for our provinces, the transfer of schools without guaranteed financing." After making that statement, Leon demanded that the Casa Rosada make amends.

This angry reaction was echoed by two representatives of provincial parties and their respective governors. The current governor of Corrientes, Ricardo Leconte, and the two senators representing that province, Jose Antonio Romero Feris (Autonomist) and Juan Ramon Aguirre Lanari (Liberal), rejected the government's invitation to participate in the governors' meeting because Governor-elect Raul Romero Feris was not invited.

The latter sent a telegram to the ministers of the economy and the interior, saying that this attitude "suggests ignorance of the provinces' power to govern themselves."

Transfer of Services (from the national government to the municipality of Buenos Aires and the provinces) (in millions of dollars)

Federal Capital	249.6
Buenos Aires	361.8
Catamarca	15.8
Cordoba	81.1
Corrientes	28.4
Chaco	25.2
Chubut	22.5
Entre Rios	48.1
Formosa	15.3
Jujuy	24.2
La Pampa	11.4
La Rioja	15.6
Mendoza	40.6
Misiones	23.4
Neuquen	10.6
Rio Negro	12.8
Salta	30.4
San Juan	23.3
San Luis	17.3
Santa Cruz	5.9
Santa Fe	81.7
Santiago del Estero	23.9
Tucuman	15.5
Tierra del Fuego	28.8
Total	1,213.2

Bolivia

Government Says Political Situation Normal

PY3112125891 La Paz Television Boliviana Network in Spanish 0200 GMT 31 Dec 91

[Text] The government said today that the political situation of the country is quite normal. Interior Minister Carlos Saavedra Bruno said that no attempt to disturb the social peace prevailing in the country will be allowed.

Minister Saavedra said this after a cabinet meeting in his office to evaluate the social situation of the country. He also received reports from the prefects of the nine departments.

[Begin Saavedra recording] If we evaluate the general situation of the country based on the information provided by the prefects of all the departments and from other officials we can say that the situation of the country is fortunately quite normal as this year comes to an end. [end recording]

On the situation of the miners, Saavedra said that, during discussions with representatives of some mining centers, the mine leaders admitted to Interior Ministry officials that pressure is being exerted by the miners as a result of political interests.

[Begin Saavedra recording] An internal struggle is taking place within the COB [Bolivian Labor Federation] over the upcoming internal elections. It should be recalled that the COB postponed until 20 January the congress to elect its new executive board. I believe that an internal political struggle is taking place within the COB. This is the right of the COB, but the country's economic stability cannot be jeopardized by he COB's right to elect its new leaders. [end recording]

Regarding the possibility of implementing the state of siege, Minister Saavedra said that it will not be necessary. He said: On the contrary, we will prevent any attempt to disturb public order.

Brazil

President Approves Emergency Tax Reform Bill

PY3112122891 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 31 Dec 91

[Text] President Collor has approved the emergency tax reform that has already been approved by Congress. He only vetoed one point of the bill. According to National Finance Secretary Luis Fernando Wellisch, the president's veto does not modify the bill, it just represents a technical adjustment.

The tax reform creates the Reference Fiscal Unit, [Unidade Fiscal de Referencia—Ufir] which will serve to index and calculate federal taxes. The Ufir rate will be readjusted monthly according to the variations of the National Consumer Price Index. The income tax exemption ceiling will be 1,000 Ufir, that is 597,000 cruzeiros as of January. Those who earn between 597,000 cruzeiros and 1,164,000 cruzeiros per month will pay 15 percent in income tax. Those earning more than 1,164,000 cruzeiros will pay 25 percent. In this way the government expects to collect $10 billion next year.

President Collor also approved a bill granting a 100 percent wage readjustment for federal civilian and military employees. The readjustment includes retired employees and pensioners. The readjustment will be paid in three installments: 40 percent in January, 35 percent in February, and 25 percent in March 1992.

Marques Sees Renewed Confidence in Economy

PY0201175592 Rio de Janeiro O GLOBO in Portuguese 1 Jan 92 p 16

["Exclusive" interview with Economy Minister Marcilio Marques Moreira by Cecilia Costa and Mariza Louven; place and date not given]

[Excerpts] [passage omitted] [O GLOBO] What do you intend to do about society's debt toward the poorest sectors? When you spoke at the Commercial Association [not further identified] you said you want to change this state of affairs. How do you want to be remembered?

[Marques] I am concerned about restoring credibility. I would like to restore public credibility and confidence in our currency. Happily, I have noticed that some people are beginning to believe in the nation and themselves again. Even Sao Paulo entrepreneurs are changing their attitude. I have seen more signs of hope in the press and in the streets. The government has been able to sell bonds with 15 months maturity in the market. It was said that people will never again trust in saving accounts, but there are signs of renewed confidence.

[O GLOBO] What do you think is the reason for the gradual return of public confidence? Is it because people believe the government will not implement any more shock measures?

[Marques] Public reaction has confirmed that. During the moments of crisis—from the point of view of credibility—like when the price of the dollar increased sharply in the parallel market, people believed the government would implement shock measures, a magic pass. But they soon realized that we would not implement any such package. There were no packages, not even when the inflation rate increased. We did not, and will not, implement any shock measures. [passage omitted]

[O GLOBO] Will there be no indexation or deindexation, not even a plan to fight oligopolies? You said that Christmas sales were better than expected and that stocks will be replaced during the first semester. Aren't you afraid that some oligopolized groups will take advantage of the situation to raise prices abusively?

[Marques] The fact that we do not implement shocks does not mean we are remaining idle. We will implement economic policies and corrections when necessary. Many production and commercial areas are too concentrated. Practices inherited from the times when prices were controlled must be corrected. We have begun to redirect the work of the Price Control Department—which has time on its hands since the elimination of the list of controlled prices—to support the Justice Ministry in its fight against the oligopolies.

The end of price controls does not mean total freedom from set prices. We cannot leave the control of prices in the hands of the private sector. [passage omitted]

[O GLOBO] What about structural reforms? What are the outstanding points of the tax reform? Will more people pay taxes?

[Marques] The reform proposal has five main points. First, we need to simplify the system. We still have 60 taxes. Curiously, although we presented a bill in Congress to abolish 27 taxes, we did not get far because Congress did not see the urgency and failed to act. It was not even discussed. We will present the proposal again during the first quarter.

[O GLOBO] Do we need to reduce the number of taxes at least by half?

[Marques] Yes. We will reduce the number to eight or 10 in the tax reform bill that will become effective in 1993. The fiscal reform bill introduces changes in the tax and spending system. We also want to change the system for sharing revenues between the federal government, states, and municipalities through the States and Municipalities Sharing Fund. The second item in the proposal seeks to broaden the tax base and reduce taxes; that is, more people paying lower rates. This will not only affect income tax. The entire parallel market does not pay anything. You can redistribute only if you collect. If you do not fulfill your duty and pay taxes you do not have the right to complain. We also have to act on the ICM [Merchandise Distribution Tax] on basic foodstuffs.

[O GLOBO] Will the government eliminate the ICM on basic foodstuffs? Is this really a decision of the states?

[Marques] Yes, and this is why the states must participate in the reform. We also have to make sure that the penalties for evasion are not less than the cost of paying. We have to simplify payments and increase penalties for tax evaders. The approval of the measure authorizing the tax department to confiscate goods that are traded without paying taxes is going to help our fight on evasion. Tax evaders must be punished harshly. Fiscal justice will be done if we reduce the cost of basic foodstuffs. Food costs are a heavier burden on those who earn less because a larger share of their income is spent in that single item. The ICMS [Merchandise and Services Distribution Tax] is very regressive.

[O GLOBO] How will you integrate the informal economy to the tax system? Have you given up the idea of imposing heavy taxes on large fortunes?

[Marques] A reduced number of taxes will contribute to reduce the informal economy and will also simplify tax collection. It is currently very difficult for micro companies to hire accountants to handle the accounts. As to imposing heavy taxes on large fortunes, yes, we do want to do it. We have agreed with some party leaders to try to approve, before July, some amendments to the project by Senator Fernando Henrique Cardoso of the Sao Paulo Brazilian Social Democracy Party. As things stand at the present, only buildings are taxable. We regret very much that Congress has not approved the new ITR [expansion unknown], which is a very fair tax that would enable us to finance agrarian reform. However, we will insist on this approval. I also regret very much that Congress did not approve the 35 percent tax rate on those who earn more than 50 minimum wages. How is it that now that we are exempting several million workers from paying income tax, those who earn more than 50 minimum wages are not willing to pay 35 percent? This is absurd. In the United States, people pay 33 percent in fede.al income tax, and in addition, they pay income tax to the state.

[O GLOBO] How do you plan to implement the fiscal reform if Congress has created obstacles by not approving your measures?

[Marques] In the emergency measures, Congress approved 80 percent of what we wanted. Negotiation with Congress is beginning to yield results.

[O GLOBO] What role does the Big Amendment play in your reform?

[Marques] The Big Amendment will be negotiated with the fiscal reform before March. It contains indispensable mechanisms for the modernization of the economy, including a section that refers to foreign capital which is essential now that we are competing even with Albania, which is even more underdeveloped than Brazil. We want this section, which refers to foreign capital, to be approved in the first half of the year. This section will end discrimination and allow us to deregulate our economy in the fields of telephone service, transportation, and customs reform. The more difficult part of the Big Amendment, which refers to retired people and the reassignment of public employees who are placed on the availability status list, will be discussed within the framework of the 1993 constitutional reform.

[O GLOBO] Is the Big Amendment very important in the reduction in public expenses? One of the harshest criticism against the government is that it is increasing taxes instead of reducing expenses...

[Marques] The Big Amendment is very important, but the effects of cuts in public expenses are not immediately noticeable. Regarding expenses, we have already adopted the most immediate measures. Last year [not further specified], we only disbursed 10 percent of the first semester budget because the inflation rate was lower than it was predicted. In 1992, the margin will be narrower and we will have to exert very strict control, disbursing about 30 percent of the budget assigned to the first semester. [passage omitted]

[O GLOBO] These government programs do not seek immediate results but reforms, right?

[Marques] Yes, we have a program of reforms. The government must redefine its role. It must cease to

produce assets and begin to provide well-being. We also plan an administrative and a patrimonial reform. A very important achievement in 1991 was the implementation of the privatization program. To summarize, we must redefine the country, eliminate all residues of authoritarianism and update our economy to compete in the market economy. Our foreign policy will also see a structural reform abroad through the reform of customs duties and the reinstatement of the country in the international financial community. The letter of intent that was sent to the IMF will be approved and the agreement will be signed. These measures will finally ensure a fairer distribution of wealth and will pay our social debt. We cannot forget, however, that education is the passport to the future.

* MEC Promotes Entry of Foreign Scientists

92SM0172A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Dec 91 p 11

[By Paulo de Camargo]

[Text] The minister of education (MEC), Jose Goldemberg, said yesterday that the Ministry of Foreign Affairs was studying the possibility of opening offices and programs abroad—chiefly in Europe—to make it easier for foreign scientists to come to Brazil. He praised the initiative taken by Sao Paulo University (USP) in hiring a professor from the Soviet Union to engage in research in Brazil and said the USP was taking advantage of a "golden opportunity to attract brains."

If the decision is up to the ministry, the federal universities will take steps similar to that by the USP to improve their quality. "There is no lack of professors," said Goldemberg. He added: "What is in short supply is competent people."

Among the constitutional amendments proposed by the government, Goldemberg has included provisions that will again allow the hiring of foreigners for an indefinite period by Brazilian universities. That possibility is banned by the legislation currently in effect.

Physicists: In Sao Paulo, the state government may finance a two-year stay by tens of scientists to do research at Sao Paulo University (USP). According to the USP's rector, Roberto Lobo, Governor Luiz Antonio Fleury asked the day before yesterday that the program be expedited.

Lobo wants to encourage the entry of foreigners and has therefore asked his departments to inform universities in other countries when there is a teaching position to be filled by competitive examination.

The Physics Institute began the process by hiring the Soviet scientist. Now it intends, if financing is made available, to bring in nine more professors—most of them from the USSR. They would reinforce the knowledge produced at the USP in the areas of semiconductors, nuclear physics, and biophysics. The Polytechnic School, which is the unit that asked for the most professors, hopes to make an impact in electronics, automation, and robotics.

The director of the Physics Institute, Jose Roberto Leite, is hoping for a chain reaction. The coming of foreigners would mean the arrival of new ideas that would spread through the various research groups. "We need to get involved in development, and it is no longer enough to live on new ideas."

Danger: The physicist feels, however, that the indiscriminate entry of foreigners may pose risks, such as that of not adding any knowledge at all. "There must be standards," he said. "They must be experienced people at the forefront of their fields; otherwise, it is all pointless."

The changes in East Europe have caused a stampede by scientists to Western countries. Sao Paulo's adviser for international affairs, Luiz Gonzaga Belluzzo, recently received a list of the names of 20 or so researchers in the USSR who were volunteering to come to Brazil.

The Brazilian Embassy in the Soviet Union forwarded the requests, and the list was distributed to Sao Paulo's four public universities, which were asked to say whether they were interested in hiring professors.

Professors Wanted by USP

Lev N. Gutman, born in Moscow on 5 March 1923. Currently in the Desert Meteorology Unit at Ben Gurion University, he has two doctorates. He has written 81 articles and has published two books. He is offering to work in the area of mesometeorology and front theory.

Alden Ray, born in Illinois on 14 February 1931. Works at the University of Dayton. Obtained his doctorate in Iowa and has 48 published works. He is offering to work in the area of magnetos.

Pavel P. Pashkov, a native of Moscow (age unknown). He works at the USSR Institute of Electromechanical Research and has had his doctorate since 1965. Has published 80 articles. He is offering to work in the area of magnetos.

Dmitri Gitman, born in Tashkent on 2 July 1944. He is a professor at the Moscow Institute of Radio Engineering. He obtained his doctorate in 1969, has written five books, and is the author of 110 scientific articles. He is offering to work on field theory in connection with unstable vacuums.

Vladimir N. Morgoon, a native of Kharkov (age unknown). He works at Kharkov University and has had his doctorate since 1975. He has 60 published articles and six patents. He is offering to work on superconductivity and the thermomagnetic properties of materials.

Daniel Nahon, born in Casablanca on 30 January 1943. Currently a full professor at the University of Poitiers, he obtained his doctorate in 1976. He has written 91 scientific works, many of them related to the geology and

geochemistry of Brazilian territory. He is offering to study the soils in Carajas, Itapeva, Ouro Preto, and Niquelandia, where he has worked on various projects in cooperation with the team from the IAG [expansion not given]-USP since 1983.

V. Burdyuzha, a native of Moscow (age unknown). He is a professor at the Space Center of the Lebedev Physics Institute (Moscow) and vice president of the Soviet Astronomical Society. He has a doctorate and is the author of many works in the fields of cosmology, relativity, and astrophysics. He is offering to work on high-energy astrophysics.

Viatcheslav Ivanov is a full professor at the University of Moscow and at Stanford. He is offering to conduct ethnolinguistic research at the Bororo Society.

Lili I. Pkhaladze, born in St. Petersburg on 22 December 1940. She is senior professor of Russian for foreigners at the Moscow Petroleum and Gas Institute. She is offering to teach Russian-language courses for technical personnel (physicists, mathematicians, engineers, and so on).

* Motives for Creation of Space Agency Discussed

92SM0172B Sao Paulo GAZETA MERCANTIL in Portuguese 13 Dec 91 p 11

[By Maria Helena Tachinardi]

[Text] Brasilia—Establishment of the Brazilian space agency, which is the job of a task force involving six ministries, two secretariats in the Office of the Presidency, and the Armed Forces General Staff (EMFA), is one more step toward guaranteeing greater transparence in Brazilian activities in the area of sensitive technologies. The government has already allayed the international community's fears through its nuclear policy and its promises not to use chemical and bacteriological weapons. In addition, it is preparing a plan for monitoring exports of sensitive products and is now beginning to take a more commercial approach to the launching of satellites.

Despite the civilian character which the government wishes to give the new space agency (the name of which has not yet been decided) by separating it from the EMFA and placing it in the orbit of the Secretariat for Strategic Affairs (SAE), which is to provide its chairman, the military will continue to play an active role in the satellite launching policy, this newspaper was told by a source in the Ministry of Infrastructure (Minfra). "As is true in the U.S. and European space agencies, the engineers working on projects are almost always from the military area and are almost always the most qualified," he noted.

The new agency will contribute to a noticeable improvement in relations with the United States, the official says. When Minister of Infrastructure Joao Santana visited Washington just after taking office, he talked with the State Department's director of foreign policy in telecommunications, Bradley Holmes, concerning the establishment of joint ventures in the space area with the participation of Embratel or Telebras. It became clear from those talks that the Alcantara Base in Maranhao is the least expensive base from which to launch satellites when compared to Cape Canaveral in Florida or Kourou in French Guiana. The price ranges from $90 million at the U.S. base to about $60 million at the French base and $25 million at the Brazilian base. As a result, the United States expressed an interest in making more use of the services at Alcantara provided that Brazil commits itself to a strict policy for controlling exports of sensitive materials, this newspaper was told by the source at Minfra.

The United States also invited Brazil about two years ago to participate in the Skylab Project with McDonnell Douglas. That would have involved 40 engineers from the Aeronautical Technology Institute (ITA) and Embratel. That topic and the subject of joint ventures were brought up again six months ago during a meeting with the State Department concerning telecommunications. In August, Santana and Holmes set up a permanent bilateral telecommunications commission to promote technological cooperation and development. According to the source at Minfra, Ambassador Holmes emphasized the need for legislation to stop the transfer of sensitive technology. In February or March, there will be another meeting involving Secretary of Commerce Robert Mosbacher and the White House trade representative, Carla Hills.

Establishment of the agency, which will make it possible to provide services for foreign companies at the Alcantara Base, has a strategic objective, according to the Minfra official and a source in the Ministry of Foreign Affairs: to enter the business of the future, which is that of launching satellites. "The market for goods has stopped growing. Services and telecommunications now represent $7 billion, compared to $4 billion in the market for goods. World telecommunications now take place via satellite," the source at Minfra pointed out.

There are two markets: large satellites and small satellites. In the latter, three areas are competing for customers: a base in New Zealand, another on Tonga Island (in the Pacific), and that in Alcantara, which is the closest to Europe and the United States. "That is the cheapest area for the consumer satellite business," the source said.

The space agency's strategic objective is basically commercial. "The purpose of the Brazilian Commission for Space Activities (Cobae), which was linked to the EMFA, was scientific-military. The agency will be both military and commercial," he commented. "Those who know about satellite launching in Brazil as a technology are the military. Not much can be done in that field without them. Brazil's objective is to launch consumer satellites in order to earn foreign exchange." "The country needs to enter that market, which matures

rapidly," says the Minfra official. "It is already being said that the following stage will be that of aerial platforms. We want to do business with the Americans, Russians, and French. Just as Iran has a bargaining chip in petroleum, so we here have the Alcantara Base, which needs to be exploited," the source added.

* PRC Delegation Discusses Joint Space Project

92SM0172C Sao Paulo GAZETA MERCANTIL in Portuguese 13 Dec 91 p 11

[By Luiza Pastor]

[Text] Brasilia—A mission from China's Ministry of Aerospace Industry was in Brasilia yesterday to meet with the secretary of science and technology, Edson Machado, and try to smooth the last of the rough edges hindering the progress of the Chinese-Brazilian program. The agreement, signed in July 1988 by then President of the Republic Jose Sarney, calls for building and launching exploration and remote sensing satellites SSR-1 and SSR-2, but it has been held up by Brazil's delay in releasing the funds and the lack of a more definite statement regarding the protection of industrial property and the transfer of sensitive technology to other countries.

Although the ministry's planning director, Zhang Rumou, made it a point to state that the mission he heads in Brazil is intended solely to "strengthen the ties of friendship and cooperation between the two countries," the true purpose of the mission is to review the real situation with the various disputes existing between China and several Latin American countries—chiefly in the technological area—in preparation for the upcoming visit to those countries by the chairman of the Chinese Communist Party in 1992.

But the Chinese leader was certainly not displeased by Secretary Edson Machado's announcement that this week the government would approve release of the funds enabling Brazil to pay its debt of $1.4 million by this coming 15 December [1991]. The country paid $625,000 of that amount this week.

Apart from the debts to be paid, the meeting by the mission's members with the secretary was also aimed at making progress with the negotiations begun during Machado's visit to Beijing in October. The purpose of those negotiations is to enable Brazil to participate more directly in Brazil itself in the building and testing of the SSR-2. But that decision will have to wait for one more meeting—this time with a technical mission that is scheduled to arrive in the second half of January. It is hoped that that meeting will also result in a more specific date for launching the SSR-1, which is scheduled to go into orbit in 1994.

"We also feel that the National Institute of Space Research (INPE) is in a position to take charge of controlling the satellite's flight, and we are also demanding that," said Machado, explaining that if agreement on those measures is reached with the Chinese, the terms of the original agreement will have to be revised. That revision would include the insertion of safeguards guaranteeing the security of the satellite, the launcher, and, chiefly, the technologies involved.

* Aeromot Contracted for Leo Missile Project

92SM0172D Sao Paulo GAZETA MERCANTIL in Portuguese 13 Dec 91 p 11

[By Virginia Silveira]

[Text] Sao Jose dos Campos—Aeromot Aircraft and Engines, Inc., a Porto Alegre aerospace firm that manufactures power gliders and avionic components (electronic instruments), was given a contract by the Brazilian Aeronautics Company (Embraer) at the beginning of last month to continue the Leo antitank missile project.

The project is being developed under a contract with the Ministry of Army in cooperation with the Otto Melara firm of Italy. The Brazilian portion will involve construction of a simulator and of the missile's test equipment at an estimated cost of $11.5 million.

"We made an agreement with the Ministry of Army that our subsidiary Orbit Space Systems would reduce its participation in the supervision of the missile project," announced the superintendent of Embraer, Ozires Silva.

The missile project began in 1987 and was assigned to Orbit, which was then a joint venture between Embraer and Specialized Engineers, Inc. (Engesa). When Engesa went bankrupt in 1989, Embraer assumed full control of Orbit. But financial difficulties and the new policy adopted by Ozires Silva for Embraer have lessened interest in keeping up the state-owned firm's activities in the field of defense materiel. "Embraer is a company concerned with the atmosphere, not the stratosphere, which is Orbit's field," he explained. "Because of that, Orbit will be liquidated as soon as work on the missile is complete," he added.

Embraer's industrial manager, Antonio Garcia, has also announced that Orbit's contracts with the Aerospace Technology Center (CTA) for the development of accelerometers and gyroscopes will also be transferred to Aeromot.

According to Garcia, Aeromot was chosen partly because Avibras Aerospace, Inc., of Sao Jose dos Campos (currently in bankruptcy proceedings) did not respond to the invitation to participate in the project. "Those two firms are the only ones capable of working on the missile."

The purpose of the Leo missile is to hit a moving tank from a distance of from 1 to 3 kilometers. It is operated by one person. "Guidance is by laser beam, which is one of the most advanced technologies used in short-range missiles," he said.

Having been placed in charge of the project, Aeromot has awarded a subcontract to Mectron Engineering, Industry, and Commerce, Inc., a firm established in Sao Jose dos Campos by five engineers who were part of the team developing the air-to-air missile for Iraq under the leadership of General Hugo de Oliveira Piva, Reserve. "We decided to participate in this project by using the technology already mastered by those engineers, a solution that reduces our investment," says the director-president of the Aeromot Group, Claudio Barreto Viana.

According to him, the general timetable for the antitank missile calls for completion of the Brazilian portion of the project in the middle of 1992. "The design of the simulator is 10-percent complete, and that of the test equipment is 40-percent complete," he said. Claudio Viana also said that about $1.5 million will be invested to develop and manufacture the rest of the Brazilian equipment.

The Italian portion, which involves developing the actual missile, is scheduled for completion by the end of this year [1991], according to the timetable. Field testing with ballistic missiles will be carried out before that time is up.

To handle the project, Aeromot is setting up a subsidiary in Sao Jose dos Campos at an initial investment of $50,000 in equipment. In addition to the missile project, the president of Aeromot said that his group was interested in participating in projects by the INPE [National Institute of Space Research] and the CTA.

The Aeromot Group, which bills $21 million annually, is divided into three firms: Aeromot Aircraft and Engines, Inc., which sells aircraft and engages in maintenance, major recovery and repair, and modification; the Mechanical Metallurgical Industry, which handles the design and manufacture of mechanical aircraft parts and seats for commercial jets; and Aeroelectronics, which specializes in the design and development of electronic components for civil and military aircraft. The firm participates in the Tucano program—a military turboprop trainer—with 11 components of its own design, and the AMX program—a military jet aircraft designed and produced jointly by Italy and Brazil—with 12 components. The firm is the only one in Brazil whose components are used in the Italian AMX.

Return of Piva's Team

Returning to Brazil in October 1990, five of the 23 engineers who had been in Iraq with Gen. Piva to develop missiles for the Iraqi Armed Forces decided to form a company specializing in civilian products for industrial automation. But the contract with Aeromot has brought those engineers back into the field of military defense.

Although once again connected with military projects, the five engineers, who were trained at the Aerospace Technology Institute (ITA), prefer to forget the past in Iraq, which has made them well known in Brazil but has also resulted in various clashes with the armed forces because of the fear that they are transferring missile technology to other countries.

With estimated billings of $200,000 in the first year of operations by their company (Mectron), the engineers now divide their time between projects such as oscilloscopes and electronic traffic control equipment.

Gen. Piva, who is familiar with the technological know-how of his former employees, says the antitank missile job is a simple one. "The missile we were making for Iraq was more sophisticated," commented the general, who says he no longer has any social contact with the members of his former team who now run Mectron.

Chile

Vargas on Ties With Russia, Honecker Situation

PY0201140892 Santiago LA TERCERA DE LA HORA in Spanish 23 Dec 91 p 13

[Report by Patricia Escalona]

[Text] Acting Foreign Minister Edmundo Vargas said last night that Chile "will maintain relations with Russia, which appears to be the inheritor of the USSR's international commitments." He added that without a doubt, the changes taking place there will affect Ambassador Clodomiro Almeyda and all other ambassadors accredited in that region.

Vargas expressed satisfaction upon his return from Montevideo, where he left the agenda for President Patricio Aylwin's visit to Montevideo and Punta del Este in March. Vargas was in permanent contact with Jose Miguel Cruz, charge d'affaires in Moscow, who made "direct" contacts in the Honecker case.

As for the Chilean diplomatic situation created by the dissolution of the USSR and the creation of the Commonwealth of Independent States, Vargas said: "The process was expected, but it was not expected to happen so quickly." He added that it is "obvious that relations with Russia will be maintained" because, among other things, it is the country that will take the former USSR seat at the United Nations Security Council, it will have control over the nuclear weapons, and it will take over the USSR's commitments.

Vargas said: "We will also maintain relations with the other states, but we do not yet know at what level. Most likely the ambassador to Moscow will be appointed concurrent ambassador." He added that the measures will be implemented "after the independence process has been formalized;" that is, in the first months of 1992.

Asked about the situation of Ambassador Clodomiro Almeyda, who has insinuated that he will leave his post, Vargas said: "That will depend to a large degree on Almeyda himself." Vargas admitted that the situation

has changed because relations will no longer be with the USSR, where Almeyda was accredited.

Regarding the Honecker situation, Vargas said a sclution should be found based on the humanitarian principle that Chile has always defended.

Vargas concluded by saying that Honecker's trip to Chile may be possible "if he can be granted security, but because of our legislation, Germany may request his extradition. Therefore, it is not clear if that security can be guaranteed. It makes no sense to offer him hospitality if the German Government will request his extradition because that would automatically mean that Chile must arrest him."

Army Ordnance Director in Weapons Case Dismissed

PY0301010692 Santiago Radio Cooperativa Network in Spanish 2200 GMT 2 Jan 92

[Text] Based on a proposal from the Army commander in chief, President Patricio Aylwin has ordered General Hector Letelier's dismissal from his post of director of Army Ordnance, Famae, and his transfer to the Army Staff. This information was reported this afternoon by the defense minister, who released an official communique.

According to the communique, Brigadier General Carlos Carvallo will be the new Famae director. Carvallo was director of the Geographic Military Institute. Colonel Martin Munoz will replace Carvallo at the Geographic Military Institute.

Letelier is one of the military officers who authorized the exportation of an arms shipment that was illegally taken to Hungary, in transit to Croatia.

Civilian Arrested

PY0201194492 Santiago Radio Chilena Network in Spanish 1600 GMT 2 Jan 92

[Text] Defense Minister Patricio Rojas announced today that one civilian has been arrested in the illegal arms shipment case. That announcement was made at the end of a meeting heiú by several ministers belonging to the Christian Democratic Party with the party leadership to study security measures to be submitted to Congress.

Regarding the Supreme Court decision not to accept the proposal to appoint a judge to study the weapons case, Rojas said:

[Begin recording, in progress] ... is going on. The decision does not mean that the appropriate penal action is not being taken before the criminal or military courts. An effort was made to try to get a higher court to appoint a judge to study the case. That is all that was done, and it has nothing to do with the essence of the issue. [end recording]

Rojas also announced that he will meet President Patricio Aylwin today to determine the steps to be taken.

Retired General Vicente Rodriguez Bustos said today that he had nothing to do with the illegal weapons sale from Chile to Yugoslavia. He gave a news conference in his private office to explain his alleged link with the case. He said that all he did was get the airplane for the arms shipment and that he was informed that the arms were going to Hungary.

Gen. Rodriguez said that Patricio Perez, a former Air Force officer, and Hugo Marcial came to his office to ask him to get an airplane to send the arms bought from Famae [Army Ordnance].

[Begin Rodriguez recording] I knew Captain Perez because he worked with me in the personnel section. He came to ask me to intercede [words indistinct]. [end recording]

Gen. Rodriguez confirmed that it was always known that the arms were to be shipped to Hungary. He also said that he does not know [name indistinct], the Famae director, personally, and that he also never before met Hugo Marcial, who was acting as an inspector in the deal, representing a foreign company. Rodriguez concluded by saying that he does not know other people or maintain any contact with other individuals of the arms exporting company. [end recording]

Silva Remarks on Dialogue Between Peru, Ecuador

PY0101184592 Santiago Radio Chilena Network in Spanish 1600 GMT 31 Dec 91

[Text] Foreign Minister Enrique Silva Cimma expressed hope for the success of the upcoming dialogue between the Ecuadoran and Peruvian presidents on the border conflict between the two countries. The dispute has affected their relations since 1942.

[Begin unidentified person recording, in progress] ...stress as well the importance they attribute to continuation of the fruitful dialogue that began in Cartagena de Indias between Ecuadoran President Borjas and Peruvian President Fujimori on all aspects of Peruvian and Ecuadoran relations. They also express the hope that the historic meeting will end in an understanding capable of removing the immediate causes of tension, preventing incidents, and resolving the long-term questions between the two countries. [end recording]

The Governments of Argentina, Brazil, Chile, and the United States have expressed their deep satisfaction—as the countries that guaranteed the Rio de Janeiro protocol—with the meeting between the Ecuadoran and Peruvian presidents. This is the first time that a Peruvian president will visit Ecuador.

Military Chiefs Convey Greetings to Aylwin

PY3112111291 Santiago Radio Cooperativa Network in Spanish 2200 GMT 30 Dec 91

[Report by Manola Robles at La Moneda Palace]

[Excerpts] Admiral Jorge Martinez Busch, Navy commander in chief, said that relations with the executive branch are open and frank. The Army, Navy, and Air Force commanders in chief, and the Carabineros director general conveyed their new year greetings to President Aylwin at La Moneda Palace this afternoon. General Augusto Pinochet merely commented that they conveyed their greetings, quote, as is customarily done every year, unquote.

Adm. Martinez wished President Aylwin and his family a happy new year from both personal and professional aspects. Regarding relations between the Navy and the executive branch, he said:

[Begin recording] Relations are perfectly normal and our communications are open and frank through the regular channels. To exchange ideas and to frankly consult with each other is very positive. [end recording] [passage omitted]

Regarding the statement by Enrique Correa, the minister secretary of the Presidency, on the Armed Forces recognition of President Aylwin's authority, Martinez said that this authority is clearly established in the Constitution. He added that the Constitution does not establish anything about comments by ministers. [passage omitted]

General Ramon Vega, the Air Force commander in chief, then commented on relations with the executive branch:

[Begin recording] They are very good, really very good. There is no reason for concern and I believe that this has been a good year. [passage omitted] [end recording]

Carabineros Director General Rodolfo Stange and Santiago Archbishop Msgr. Carlos Oviedo also greeted President Aylwin this afternoon.

Exports to Border Countries Increases in 1991

PY3112203291 Madrid EFE in Spanish 1717 GMT 31 Dec 91

[Text] Santiago de Chile, 31 Dec (EFE)—The figures released here today by the Central Bank reveal that Chile's nontraditional exports to Argentina, Peru, and Bolivia increased 110 percent between January and November.

According to official reports, Chilean sales to border countries increased $202 million during the first 11 months of this year and totaled $387.5 million.

During the same period, total shipments abroad reached $8,333.5 million, of which only $2,458.8 million were for nontraditional products.

Sixteen percent of these nontraditional products were sold to those countries this year, while in 1990 they did not surpass 9 percent of the total.

Between January and November, Chile's nontraditional exports to Argentina totaled $178.1 million, $98.7 million to Bolivia, and $122.8 million to Peru.

These exports include products like yogurt; fruits; candies; tires; meat; cotton fabric; shoes; books; ham; malt; chocolate with filling; mineral water; diapers; towels; and chewing gum.

Paraguay

Army Commander Guarantees Transfer of Power

PY3112150691 Asuncion NOTICIAS in Spanish 31 Dec 91 Second Section p 3

[Text] Army Commander General Ramon Humberto Garcete said yesterday that the Armed Forces will guarantee the transfer of power in 1993, thus supporting the decision made by the commander in chief. Gen. Garcete announced that following President Rodriguez's announcement at the opening session of the Constituent Assembly.

He explained that the military institutions wants democracy to be a reality in Paraguay. He added: "We hope it will be a reality and not just a dream of the people."

Gen. Garcete also said that the Armed Forces will guarantee that the current political process concludes happily. He said that, following the instructions of the commander in chief, General Rodriguez, the current institutionalization process within the Armed Forces is moving ahead. He added: "We are trying to improve the process, which is not easy after so many years. I do believe, however, that in the last two years we have done a great deal to make the institutionalization a reality."

Asked if the Armed Forces will support the transfer of power in 1993 to a president freely elected by the will of the people, Gen. Garcete said: "That is right. That is what we said from the start and our opinion has not changed. The Armed Forces will guarantee the election by the people of the replacement for Gen. Rodriguez in 1993."

Regarding President Rodriguez' announcement not to run for reelection, Gen. Garcete said: "It is the fulfillment of the word of honor of a soldier, which makes the members of the Armed Forces very proud. Of course, we did not expect anything else from him."

Military Supports Decision

PY3112224891 Asuncion ULTIMA HORA in Spanish 31 Dec 91 p 10

[Text] General Lino Cesar Oviedo, 1st Army Corps Commander, stated today that President Rodriguez's announcement to leave power on 15 August 1993 "once again reaffirms the commitment made by the commander-in-chief during his inauguration." He described the fact "as an unusual" decision in Paraguayan history

Oviedo said that Rodriguez had already made the announcement at the National Sports Council, and that "at the opening of the Constituent Assembly, which was a quite appropriate occasion, he ratified his position to the Constituent Assembly delegates. We are proud of him and we will continue to support our commander-in-chief's decisions to begin a democratic process and to leave power on 15 August 1993 so that real democracy can be consolidated." He thus disagrees with the opinion of Defense Miniter Souto Hernandez, who said that the announcement "was untimely."

Asked whether the Armed Forces will be in a condition to accept civilian power in the upcoming term, Oviedo said: "This is not absolutely strange for us." He recalled the Chaco War, which took place between 1932 and 1935, when the president of the Republic "was a civilian who contributed to the victory of Chaco War leader General Estigarribia. There was no problem at that time. We fully respect the Constitution."

Oviedo said that the Armed Forces have always respected the peoples' decision, and "we will continue to do so. I believe that Paraguay is one of only a few countries whose Armed Forces headed an uprising—which claimed the lives of many of our comrades—against a dictatorship to establish democracy and let people decide their own fate."

Asked about the idea of promoting the candidacy of retired military men—such as in the case of Interior Minister General Machuca Vargas—to maintain a sort of continuity beyond 1993, Oviedo said: "This is the first time I have heard of such a thing." He added that he was unaware of a campaign in support of continuity headed by Machuca. "I am completely unaware of that rumor. There will be much speculation. What I can say is that the president has made a decision unusual in Paraguayan history. He led the democratic opening and he has once again showed his great civic and patriotic spirit, because he decided to leave power in 1993. [no closing quotation mark as published]

Politicians Express Support

PY3112185491

[Editorial Report] Asuncion HOY in Spanish on 31 December on pages 6 and 7 reports that Domingo Laino of the Authentic Radical Liberal Party, PLRA, expressed satisfaction over President Andres Rodriguez' decision not to become a presidential candidate. He said that because of the decision the future is promising and that a new society can built.

PLRA President Juan Manuel Benitez Florentin said that Rodriguez's decision "definitely consolidates the transition process in the sense that all the steps announced as part of the transition process are being fulfilled."

Bernardino Cano Radil, Constituent Assembly member of the Colorado Party, said that he will propose to the assembly the extension of President Rodriguez' term. He added that the elections next year will create some problems for the Colorado Party program.

Emilio Camacho, leader of the Constitution For All movement, praised President Rodriguez' announcement. He said: "Now we know that in the 1993 elections a civilian president will be elected by the people."

Euclides Acevedo, president of the Febrerista Revolutionary Party and Constituent Assembly member, emphasized the importance of President Rodriguez' speech. He said: "The impact and the importance of his announcement are obvious because it does away with the rumor of his possible reelection or the extension of his presidential term." He added: "There are now new possibilities for political parties, especially for the Colorado Party, where a real and peaceful struggle for power will begin."

Luis Alfonso Resck, member of the Christian Democratic Party and member of the Constituent Assembly, praised Rodriguez's decision, which he labeled as original and unusual. He added that change is essential for democracy.

Asuncion ABC Color in Spanish on 31 December on page 5 reports that Foreign Minister Alexis Frutos Vaesken said that President Rodriguez' decision not to be a candidate consolidates even further the international confidence in the Paraguayan democratic process and that it shows the noble intentions of the president.

Minister Disagrees

PY3112160291 Asuncion ABC COLOR in Spanish 31 Dec 91 p 9

[Text] Defense Minister General Angel Souto Hernandez, is one of the few who does not agree with the moment chosen by the president of the republic to ratify his decision not to run for reelection in 1993. He said: "In my opinion he should have waited a little longer to make a decision like that one. He should have let the Constituent Assembly members and the people to express whether his administration was good or bad, or if would be beneficial to remain in power and further consolidate this democracy.

"Problems could emerge if the country turns ungovernable when the constitutional term expires. The president's decision is his own, but I say that perhaps he should have waited longer to announce it. His will must be respected. That is his will and we must respect it," he stated.

When asked whether the president had consulted the Armed Forces commanders about his decision, Gen. Souto answered: "I do not know. I do not know anything about it. At least I do not know anything about that detail."

When pressed about whether the president should have waited a bit longer to announce his decision, Gen. Souto

said: "I am not saying that he should have thought it over, because I understand that no one made any proposal, although some different opinions were voiced, but it was a matter of waiting a bit longer and perhaps the Constituent Assembly members may arrive at different conclusions."

When asked what conclusions he expected, Gen. Souto said: "Two alternatives are being considered. One was to extend the presidential term and the other was to allow a reelection. Those were the possibilities. Now he has made a decision and clearly established that he does not accept either possibility. That is his decision, which is respected, but let us see what happens."

Gen. Souto said: "We cannot be sure that it is the best decision, but let us see what happens when we see who are the candidates for the general elections. Let us see if there are candidates with his same political weight who can guarantee the people that the government will be the right one or one that will want to continue with this incipient democracy."

Gen. Souto said that the Armed Forces will guarantee the government that becomes elected, "but the problem is to have the right person in that post," he said.

President on Foreign Debt, Agrarian Reform

PY0201133892 Asuncion ABC COLOR in Spanish 2 Jan 92 p 11

[Text] After receiving the traditional year-end greetings in Independence Hall of the Lopez Palace on 31 December, President Andres Rodriguez chatted with journalists accredited to Government House. He stressed that a great deal has already been accomplished, "but there are still many more things to accomplish." He expressed his confidence that the problem of our foreign debt will be resolved during the first few months of the year. "I hope that in February we will have the IMF's agreement to open a dialogue with the Paris Club, and I hope that the problem of our foreign debt will be resolved as soon as a dialogue is opened with the Paris Club in March," he added.

He stressed his hope that by the end of March, "we will already have results. We may be able to pay a certain amount to the Paris Club, and ask for the remainder to be refinanced for a few more years at a reasonable rate of interest."

He asked his aides to continue their efforts in pursuing the people's welfare. He recalled that at the end of 1990 the government declared a dedicated fight against inflation, and he noted that inflation was reduced from 44 percent in 1990 to 11.8 percent at the end of 1991. He termed that "an achievement that has been obtained through the work being carried out by the national economic team."

In that respect, he stated that people have expressed negative opinions about and criticism of the economic team, but that the government organization had achieved its objective despite everything. Rodriguez then asked that those who are economic experts voice their criticism in a constructive manner and that they submit their proposals in order to improve the standard of living of our fellow citizens.

The chief of state also stressed that agrarian reform will be one of his government's priorities during 1992, together with the construction of economical housing in several areas of the country through Conavi [National Housing Council]. He acknowledged that many Paraguayans do not have a plot of land or their own roofs over their heads, and he stated that the government's attention will be centered on those low income sectors during this fiscal year. He believes some 10,000 to 11,000 more houses can be built in 1992 so that the most needy can receive a home of their own.

Regarding agrarian reform, he reported that 42 settlements had been created. "Good or bad, we are doing so within our means," he said.

Asked what he will do when he hands over the presidency in 1993, Rodriguez answered: "As always I will continue to be a Colorado. Thus, the Colorado Party will have another vote. That will be the life I lead."

Asked whether he will take a seat in the Senate, he answered: "I do not know. I cannot say yes or no. The truth is that if they could be so generous with me, I would receive with satisfaction and dignity the reward of a post of senator-for-life, a post that exists in other countries." Finally, he said, "One must never say never. It is difficult, but not impossible."

International Investment Agreement Approved

PY2712143891 Asuncion NOTICIAS in Spanish 27 Dec 91 p 9

[Summary] The Chamber of Deputies on 26 December approved a law ratifying the agreement that created the Multilateral Investment Guarantee Agency, MIGA. The Paraguayan Government signed the MIGA agreement on 13 September 1991. The MIGA agreement was established on 1 October 1985 in Seoul.

Peru

Fujimori Refuses 1992 Budget for Second Time

PA0201160492 Paris AFP in Spanish 1656 GMT 1 Jan 92

[Text] Lima, 1 Jan (AFP)—Peruvian President Alberto Fujimori has refused for the second consecutive time to promulgate the 1992 budget. He again returned it to Congress, which unanimously approved it on 14 December, because it counters "the country's economic stabilization," it was reported on 1 January in Lima.

No public expenses can be approved in Peru until Congress settles the problem by summoning its own session in a few days, stated parliamentary sources.

"According to the Constitution, the 1992 general budget must become effective on 1 January. The president is not authorized to reject any of its articles," stated Deputy Eduardo Calmell, chairman of the parliamentary commission that drafted the document.

A note from the government palace in Lima says that President Fujimori rejects 41 of 295 articles in the budget "because it entails the risk of unleashing further inflation and the ensuing higher fiscal deficit, which represent the two goals sought in the country's economic recovery."

Fujimori's rejection mainly refers to the "big" congress budget, a reduction of public expenses concerning the government's salary policy, and a decision to readjust the minimum salary in accordance with the inflation rate.

The note from the government palace says Fujimori thinks the senators and deputies have excessively increased their overall 1992 expenses to $124 million, "without taking into consideration that they lack any correlation with the high cost of living and the 1991 inflation rate."

Another presidential criticism refers to a $230-million reduction in the revenues and expenditures structure for the executive branch. That was considered "detrimental to the salary policy scheduled for 1992 in the public administration sector."

The attached comments [observacion] with respect to the article providing for an adjustment in the minimum salary ($40) according to the cost of living are based on the fact that "in the past, the salary index was the determining factor in the escalation of the already skyrocketing inflation."

Meanwhile, Fujimori is also questioning the article that guarantees almost three million glasses of milk for a government program bearing the same name that distributes food to poor children in the nation. According to the government, the program would cost $100 million but it does not have fiscal backing.

The presidential note finally explains that "a healthy and realistic budget estimate will allow rational use of the scarce fiscal resources, the application of which should be based on genuine austerity and rational use for the large majority of the nation."

Eduardo Calmell, president of the bicameral budget commission, said that Fujimori "once again has violated the constitution by not promulgating the annual budget law. That is creating a difficult situation for the nation in which no one can authorize even the slightest public expense."

Calmell remarked that "a legal vacuum that will cause a paralysis of the state apparatus" in Peru would be created. Congress must resolve that legal vacuum as soon as by possible by calling a special period of sessions, given that it is currently on vacation.

In 1991 Fujimori questioned 15 budget articles, causing Congress to call an urgent special sessions that in turn rejected the presidential objections as "unconstitutional." A legislative interpretation claims the president of the republic cannot question the budget.

Several Peruvian constitutional experts believe this type of confrontation between the executive and the legislative branches does not reflect the balance of power that should exist in a democracy, becuase it generates unnecessary conflict that could be resolved through the regular existing normal channels.

The experts point out that President Fujimori, in order to avoid a conflict of power, should approve the budget while simultaneously calling a special legislative session in order to debate the individual articles that he considers to contrary to his government's policy and should be repealed.

Calls Congress Into Session

PA0301050392 Madrid EFE in Spanish 0436 GMT 3 Jan 92

[Text] Lima, 2 Jan (EFE)—On 2 January, Peruvian President Alberto Fujimori called an extraordinary session of the congress to discuss the 1992 budget, which he did not sign. The session is to be held between 6 and 9 January.

According to parliamentary sources, Fujimori's decision to reject 41 articles of the budget law, which according to the Constitution should have been implemented on 1 January, created "a serious legal vacuum." According to the same source, there is no legal framework for the officials to authorize government expenditures, which "cripples" the country.

Fujimori rejected the 41 articles because he believed they created inflation and fiscal deficit.

The presidential decree summoning the extraordinary session, reported on 2 January by "ANDINA," the government-run news agency, states that the extraordinary session will be held to discuss all matters related to the articles that were "rejected" by the president. Congress will review the rejected articles and decide if they will be modified or kept intact and then the law must be promulgated.

Senate President Felipe Oslerning, a member of the conservative Popular Christian Party said in statements to the media that Fujimori should have issued the summons along with his decision to reject 41 articles. The same parliamentary member read to the media an agreement adopted by the higher chamber spokesman, urging the Peruvian president to summon a session,

noting that his decision not to promulgate the law was detrimental for the country.

Fujimori Confirms New Navy Commander in Chief

PY3112020891 Lima EL COMERCIO in Spanish 21 Dec 91 p A4

[Excerpt] In a speech closing the Naval School's 1991 academic year, President Alberto Fujimori ratified yesterday AP [Peruvian Navy] Admiral Alfredo Arnaiz in the post of Navy commander in chief for another consecutive one-year period based on his performance and conscientiousness in discharging his supreme duties with our country.

The transcendental ratification—an unprecedented event in our naval history—executed by the chief of state by using the powers vested in him as supreme chief of the Armed Forces, occurred at the La Punta headquarters in the presence of the Navy leadership and 105 new Navy officers. [passage omitted]

Shining Path's Abimael Guzman Reported Dead

PY3112170691 Madrid EFE in Spanish 1604 GMT 31 Dec 91

[Text] Lima, 31 Dec (EFE)—Citing "confidential sources," the daily ULTIMA HORA reported today, 31 December, that Abimael Guzman, head and founder of the Peruvian Maoist Shining Path organization, apparently died last week at the age of 58. However, this is not the first time that the death of the former professor has been announced. His followers call him "President Gonzalo."

The Shining Path has not reported the death of its leader because there is a power struggle within that terrorist organization to designate his successor, the newspaper adds. ULTIMA HORA reported that Guzman suffered from psoriasis, an epithelial disease that causes painful ulcerations.

Petroperu Signs Oil-Prospecting Agreement

PY3012204691 Lima EL COMERCIO in Spanish 22 Dec 91 p A1

[Summary] On 21 December, Petroperu [State Petroleum Agency] and the Eurocan (Bermuda) enterprise signed an agreement to conduct oil prospecting in lot A-16, located between San Martin and Ucayali Departments, with an initial investment of $16.65 million.

Uruguay

Government Sets Recognition of Russia, Armenia

PY0201125692 Montevideo EL PAIS in Spanish 27 Dec 91 p 11

[Text] The government has carefully studied the complex situation resulting from the dissolution of the Soviet Union, the declarations of independence by former Soviet republics, the creation of the Commonwealth of Independent States [CIS], and the events in Yugoslavia.

The cases of Estonia, Latvia, and Lithuania were given priority because of the special circumstances when the independence of those countries was recognized by Uruguay on 27 August 1991. On that occasion, it was also decided to establish diplomatic relations with those countries at a later date by accrediting our ambassador in Stockholm to their governments.

The government decided—guided by respect for the principle of the right of countries to self-determination, international law, and the UN Charter—to recognize the Russian Federation and to establish diplomatic relations with it through our embassy in Moscow. That decision was made following consultations with Latin American countries in the Rio Group.

In making that decision, the Uruguayan Government took due consideration of the fact that the Russian Federation has become a UN member, has signed the Nuclear Nonproliferation Treaty, and will be party to the disarmament and arms reduction agreements previously signed by the Soviet Union.

The government also considered the problems resulting from UN Charter Articles 23, 27, 106, and 108. In order to decide on the issue, the Uruguayan Government took into account the 22 December 1991 Alma-Ata agreements.

The government expressed the desire to maintain diplomatic relations with Belarus and Ukraine, which are members of the Alma-Ata agreement and are already internationally recognized as members of the UN, and will accredit the Uruguayan ambassador in Moscow concurrently to Minsk and Kiev.

Uruguay also recognized today the independence of Armenia, a signatory of the Alma-Ata agreement, and will accredit the Uruguayan ambassador in Moscow concurrently to that country.

Regarding the other CIS member countries that also signed the Alma-Ata agreement, (Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenia, and Uzbekistan), nothing prevents their recognition and Uruguay's establishment of concurrent diplomatic relations with them. Uruguay will recognize the independence of Croatia and Slovenia after their independence is recognized by countries with direct interests. Uruguay will apply the criteria adopted by the EC on 16 December in the "Declaration on Yugoslavia" and the 20 December Vatican guidelines.

Montenegro has also requested recognition of its independence and the matter is under study. The government will announce how and when diplomatic relations with Croatia and Slovenia are established and are made effective.

New Year Begins With 'Severe Tax Adjustment'

PY0201230592 Madrid EFE in Spanish 1528 GMT 1 Jan 92

[Text] Montevideo, 1 Jan (EFE)—A severe tax adjustment, imposed by the Uruguayan Government to reduce the deficit to less than one percent in 1992, was implemented today.

This is the second adjustment since March 1990 when Luis Alberto Lacalle assumed the country's presidency. The first was an adjustment on workers incomes. It increased taxes on salaries and raised by one percent the rate of Value Added Tax (VAT). The second, which becomes effective today, particularly focuses on businessmen.

Balancing state accounts by increasing revenues and reducing public expenditures is the basis on which government economists are working to reduce the inflation rate, which totalled 129 percent in 1990 and 85 percent in 1991. According to private economic sources, inflation in 1992 will be close to 60 percent.

The officially announced economic measures will also intensify the country's process of adapting to the Common Market of the South (Mercosur), which will begin as of 1 January 1995 with Argentina, Brazil, and Paraguay.

Carlos Cat, the labor and social security minister, announced at the end of 1991 the deregulation of automobile imports and the elimination of protection barriers for national production of spare parts and the assembly of vehicles. The government has also announced that, as of today, employers' contribution for health services and social security will be increased from four to five percent.

The Uruguayan Government has eliminated a number of tax benefits for industrial investors, increased the tax on assets, and modified the way income tax is calculated on industries and commerce. In the set of economic measures the government has also abolished the current exemptions of two taxes, one of which is VAT.

In its search to balance state accounts, the government has also announced the reduction by 10 percent of state expenditures, in addition to the privatization of two state companies before the end of 1992.

The National Telecommunications Administration, Antel, will become a mixed-economy enterprise, that is with private and public participation and a minimum participation of 51 percent of national capital, while the Uruguayan National Airlines, PLUNA, will also be partially privatized. Cat said that PLUNA will receive investments from the private sector as of November 1992 following a bid, while Antel will receive private sector investments as of December 1992.

Venezuela

Government Recognizes Russian Federation

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[Text] Caracas, 28 Dec (DPA)—The Venezuelan Government has recognized the Russian Federation to replace the Soviet Union, and warned that it will study, "case by case," the possibility of recognizing the rest of the republics that comprise the Commonwealth of Independent States (CIS).

A Foreign Ministry communique published by the media on 28 December says that President Carlos Andres Perez' administration has stated that it will maintain the same relations with the new Russian Federation that it had with the former Soviet Union.

The Venezuelan president also praised former Soviet President Mikhail Gorbachev and called him "one of the most important figures in modern history."

According to the Foreign Ministry communique, "the Russian Federation's government has replaced, with the support of the countries that signed the Alma-Ata agreements, the former Soviet Union in its rights and international obligations."

The communique adds that Russia will occupy the Soviet Union's position in all international organizations.